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## Contents

|                                                                               |     |
|-------------------------------------------------------------------------------|-----|
| EDITORIAL PARAGRAPHS .....                                                    | 583 |
| EDITORIALS:                                                                   |     |
| The Failure of Big Business .....                                             | 586 |
| The Problem of Federal Relief .....                                           | 587 |
| Smashing the Atom .....                                                       | 587 |
| Negro Children in New York .....                                              | 588 |
| PLAYING WITH MATCHES. THE RISE AND FALL OF IVAR KREUGER. By Max Winkler ..... | 589 |
| THE CONTROL OF BIG BUSINESS. By Walton H. Hamilton .....                      | 591 |
| DIARY OF AN EX-PRESIDENT. By Morrie Ryskind .....                             | 594 |
| POLITICS—TWENTY-FOUR HOURS A DAY. By Paul Y. Anderson .....                   | 595 |
| THE JEWS AND THE FIVE-YEAR PLAN. By Louis Fischer .....                       | 597 |
| IN THE DRIFTWAY. By the Drifter .....                                         | 599 |
| CORRESPONDENCE .....                                                          | 600 |
| CONTRIBUTORS TO THIS ISSUE .....                                              | 601 |
| FINANCE: RAILWAY LEGISLATION. By S. Palmer Harman .....                       | 602 |
| BOOKS, FILMS, DRAMA:                                                          |     |
| Light Will Be Wisdom. By Hal Saunders White .....                             | 603 |
| On "Effective" Criticism. By Joseph Wood Krutch .....                         | 603 |
| Predatory Patriots. By Arthur Warner .....                                    | 604 |
| A History of Biology. By Benjamin Ginzburg .....                              | 604 |
| How Often We Murder—and Why. By William Seagle .....                          | 605 |
| Class-Conscious Fiction. By Robert Cantwell .....                             | 606 |
| Books in Brief .....                                                          | 606 |
| Films: Importations. By Margaret Marshall .....                               | 607 |
| Drama: Comedy and Despair. By Joseph Wood Krutch .....                        | 608 |

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COMING SO SOON after the assassination of President Doumer of France, the murder of Premier Inukai of Japan by a gang of army and navy officers has horrified the world. Though both crimes, at least indirectly, were the product of the growing unrest prevailing in all countries, the killing of Inukai presents a special case. It is impossible to determine just what factors lay behind the assassination of this venerable and reactionary statesman, for we have not been permitted to learn what has actually been happening in Japan during the last several months. The murder of Inukai may presage a fascist revolution. There have been many hints of such an upheaval. Public opinion is turning against the irresponsible militarists and their misadventures in China; the working class is in a state of ferment; the military clique doubtless realizes that it must, if it wishes to remain supreme, come into absolute control of the country before the pacifist and working-class agitation results in another kind of revolution. Curiously enough, the reaction against militarism finds most of its support among business leaders who see that the Manchurian and Shanghai affairs have gravely injured Japanese commercial interests. In their turn the militarists and their allies, the *ronin* or political gunmen, have now suddenly become anti-capitalist. They are attracting many discontented working people to their banners, which, viewed at this distance, appears a dangerous omen for the future of Japan and the peace of the Far East.

Should the military absolutists come into power, there is no telling where their mad ambition will lead them. They have long looked greedily toward Eastern Siberia and Inner Mongolia, both Soviet Russian territory.

NO MORE SOLEMN WARNING has come to the President of the gravity of the unemployment situation than when, on May 13, the presidents of one-third of the standard railway unions, seven in all, said to him with complete directness: "Mr. President, we have come here to tell you that unless something is done to provide employment and relieve distress among the families of the unemployed, we cannot be responsible for the orderly operation of the railroads of this country; that we will refuse to take the responsibility for the disorder which is sure to arise if conditions continue." They explained that they would ask for a dole with the greatest reluctance, but, said they: "Mr. President, what other alternative is there available? Everything else suggested has either failed or been denied. If something is not immediately done we will be obliged to demand a dole." But they did not merely ask for aid. They had a number of constructive suggestions to make, including the appointment of a commission of five, to be called the International Trade and War Debt Commission, to negotiate a twenty-five-year moratorium with each debtor country individually, provided each country agrees to co-operate in aiding the United States to regain and develop its foreign trade, and declares a similar moratorium on war-reparations payments. Reviewing the situation, they also said: "Why under such conditions do we shout, 'But a loan is a loan and a contract is a contract'? . . . Why should we demand the flesh closest to the hearts of our brother-laborers abroad, while at the same time it means the ruination of our own earning power, our own economic system, and the ruination of the American home?"

THE NEW YORK ACADEMY OF MEDICINE, through a report issued on May 15 by its council, reiterates and reinforces the charges of extravagance and incompetence leveled against the Veterans' Bureau. Unnecessary duplication of hospitalization work, relief and allowances to war veterans who either are amply able to take care of themselves or who are disabled for causes long postdating the war, and insufficient allowances to war-disabled veterans who are actually in need are among the charges brought by the Academy of Medicine council. They are not new, but coming from a reputable and distinguished body, they have a force which makes them doubly impressive. The report declares: "Savings in federal expenditures resulting from the elimination of subsidies of all kinds to ex-soldiers who are not suffering from war disabilities would exceed \$450,000,000 a year." These figures, it is alleged, were verified by the Veterans' Bureau itself, and by the legislative offices of the American Legion. Half a billion dollars, therefore, is the approximate sum which might be saved the taxpayer by a reconstitution of the Veterans' Bureau. Where is Mr. Hoover? Where is Congress?

Where are the Secretary of the Treasury and all the other estimable public officers who seek so furiously to balance the budget, whether or not that balancing is only precariously on paper? How much would half a billion dollars help? What stands in the way of saving it except a plain, ordinary desire to play politics, a cowardly fear of losing votes?

**THOUGH VERY LITTLE SPACE** was devoted to it in the daily press, the collapse of the three major enterprises identified with the Insulls—the Middle West Utilities Company, Insull Utility Investments, and Corporation Securities Company of Chicago—was the largest corporate failure in American business history. The most charitable thing that can be said for the Insulls is that they completely lost their perspective in the 1928-29 period, and feeling certain that the public-utilities industry would continue to grow by leaps and bounds and that investors would continue to be awed by the magic of the Insull name, they piled additional holding companies on top of an already preposterously pyramided structure. The financing of the Middle West Utilities Company was the most scandalous. That company controls operating subsidiaries in about 5,000 communities in thirty States. It is a holding company which controls other holding companies. In some instances the operating company is five places removed from the Middle West stockholder. John Flynn has calculated that in the case of the Georgia Power Company every dollar of Middle West common stock controls \$1,750, and that with an investment of only \$20,000,000 the Insull family controls not only the \$2,500,000,000 Middle West Company but the three great Chicago companies. It took but a minor decline in the profits of the operating companies to eliminate the parent company's equity entirely; and despite the fact that such stop-gaps as skimpy depreciation and inclusion in "earnings" of stock dividends and other items were resorted to, the too liberal bankers were finally unwilling to pour further funds into a sinking ship, and the company went into bankruptcy. The losses of the bankers and the security holders run into hundreds of millions of dollars. The stock market valued Middle West common at \$565 a share in 1929; it now values it at less than four cents on the dollar. The financing of the Insull companies was merely typical of public-utility financing in the new era. No effective steps have yet been taken, nor are there any under serious discussion, for controlling this frenzied holding-company finance.

**THE PROPOSAL** to retire 2,000 army officers has aroused part of the press, the Secretary of War, and the Chief of Staff, General MacArthur. They are wringing their hands and assuring the country that if these officers are retired the country will be ruined. Twelve thousand trained officers, they admit, are too many for our small army, but we must have them, they insist, for use when the army is expanded for war. Very carefully they fail to point out that retired officers are always available for service in an emergency, remain subject to the President's orders, and can immediately be returned to troops if they are physically fit. There is not an argument advanced for the retention of these officers which will hold water. The War Department has difficulty in finding real jobs for them and in giving the line officers the service with troops required by law. Quite

amusing in this connection is that after finding some members of the Military Affairs Committee unyielding with respect to these officers, Secretary Hurley and General MacArthur suddenly discovered (having assured the President and Congress that they had cut their estimates to the bone) that they could accept cuts of \$15,000,000 in other items so that the 2,000 officers might be retained. Thus seriously do his department heads take President Hoover's appeal for real economy. We are glad to note that the House voted against the 2,000 officers on May 13.

**NOT IN THE WHOLE HISTORY** of the Civil Service in America has there been a more unblushing violation of the spirit of the Civil Service and the laws governing it than that of the Second Assistant Postmaster General, W. Irving Glover, in Springfield, Missouri, on May 14. In an address before the Missouri Postmasters' Association this official spoilsman demanded that postmasters "get out on the firing-line" in support of President Hoover or resign. "I'll be back in Washington Monday," Mr. Glover said, according to a dispatch in the *New York Times*, "and I'll be glad at that time to take the resignations of any of you postmasters who don't want to do it." Some of his other choice remarks follow:

You are a part of this Administration. When you hear anyone assailing that man Hoover, remember what I've said, or go and read a book and answer them. As long as you do that you are filling the job of postmaster. To make the world safe again for democracy, you must stand behind that man of peerless leadership, of brains, ability, and steadfastness. I ask your faith in God that our country shall not fail.

We beg to assure Mr. Glover that nothing is quite so calculated to insure the failure of this country as to turn its government officials into a political machine, and thereby to degrade the entire public service. We have built up the merit system as it is over a period of fifty years by fighting this exact spirit. One would have to go back at least to the eighties to find a similar crass piece of spoilsmanship, which every federal employee ought to resent when he comes to cast his ballot next fall.

**WHAT HERBERT HOOVER** would do if the United States entered another war, and if he could have his way, is no longer in doubt. Discussion of a war-time program by the War Policies Commission has included various suggestions made by Mr. Hoover when Secretary of Commerce, and embodied in a letter to Representative John J. McSwain during a hearing of the House Committee on Military Affairs in April, 1924. Most significant among the Hoover recommendations is his advocacy of "a blanket authority to the President to fix prices, wages, transportation charges, compensation, embargoes on imports and exports, to exercise the war powers of requisition under circumstances that 75 per cent of the estimated value may be paid and the balance determined by the courts in case of disagreement, suspend habeas corpus, and generally complete an absolute authority in all ramifications over the whole civilian life with the provision that he may delegate these authorities. . . ." No one need harbor romantic illusions, of course, about the fate of free speech or war opponents in a future conflict. It is interesting, however, to say the least, to find the man now

President, sworn at the present time as he was in 1924 to uphold the Constitution, prepared in advance to urge a total war-time dictatorship in any war, even going so far as to "suspend habeas corpus," a privilege allowed by the Constitution only in case of "rebellion or invasion." It is not to be wondered at that belated efforts have been made to withhold this extraordinary letter from general publication.

**AGAIN CHANCELLOR BRUNING** has declared that Germany cannot resume the burden of paying reparations. Again he has warned that this question must be disposed of without further delay; otherwise there can be nothing but ruin ahead for Europe and the rest of the world. "The time has come for a decision," the Chancellor declared in his speech before the Reichstag. The economic position of Germany and Europe is clear; it needs no further investigating or discussion; continued procrastination can only be disastrous, for the longer the inevitable decision is put off the worse the real situation becomes. Of this the statesmen of the world are aware. But they are doing nothing about it. Headed, in Brüning's opinion, toward chaos, they seem paralyzed. The Hoover moratorium year has all but expired. The purpose of the moratorium, the President explained at the time, was "to give the forthcoming year to the economic recovery of the world." But the year of respite has been wasted. The Lausanne conference is to meet June 16, only a fortnight away, yet the governments of Europe, though it was months ago that they agreed to hold this conference, have no agenda, no program prepared. Their representatives will gather at Lausanne in what appears now to be complete confusion. How they will ever manage to bring any workable or permanent solution out of the conference is beyond ordinary imagination.

**HAVING DEMONSTRATED** for legal purposes that the embattled officialdom of Bell County, Kentucky, will not or cannot allow citizens of the United States there to exercise their constitutional rights of free speech and assembly, the Civil Liberties Union party, headed by Arthur Garfield Hays and Dudley Field Malone, have filed a damage suit for \$100,000 against certain Bell County officials, and have announced that their appeal on the denial of a protective injunction will be carried to the United States Supreme Court. A slightly more sober tone is apparent in the defense of County Attorney Smith and Mayor Brooks of Pineville, but when their excuse for turning away visitors desiring to make a free-speech test is the need for prevention of violence and preservation of peace, they only proclaim thereby that law and order have broken down under their methods, and that mob rule prevails. The civil-liberties aspect of this struggle is, of course, extremely important. But it has recently been so dramatized that a more immediately crucial issue has almost been lost from view. On May 31 forty-one miners and miners' sympathizers will come up for trial on charges of murder and conspiracy to murder in connection with the deaths of several deputies, and there are indications that the operators' hirelings will not be appeased unless a dozen or more are sent to the electric chair. Perjury charges against two well-known men who testified on behalf of accused miners in a previous trial are being ruthlessly pressed. Funds are urgently needed by the General Defense Committee, 555 West Lake Street, Chicago,

especially since the miners' defense has been temporarily blanketed by the popular appeal of the free-speech fight.

**IN A BALLOT** of its national council the National Economic League has arranged the "permanent problems of the present economic depression" in a scale of descending significance. The executive council of this organization is impressive, comprising as it does in its membership Charles G. Dawes, John Hays Hammond, James Rowland Angell, George W. Wickersham, Frank O. Lowden, A. Lawrence Lowell, Edward A. Filene, Nicholas Murray Butler, Harry A. Garfield, and Silas H. Strawn. As for the list of issues itself, we note with interest that first, with 2,238 votes, comes "economy and efficiency in government, national, State, city," while last of all, in a condition of insignificance hard to exaggerate, and drawing only 141 votes, is "unearned increment." "Taxation" stands second with 1,582 votes; "reparations and international debts" third with 1,528; "banks, banking, credit, finance" comes in fourth with 1,460. "Reduction and limitation of armaments, disarmament," gets fifth place and "tariffs" sixth, but "restoration of confidence"—golden phrase!—and "administration of justice" come in ahead of "international tariff conference." Only 808 votes were accorded to "unemployment, unemployment relief," 766 to "economic planning," 643 to "agriculture, farm relief," 592 to "money, the gold standard, silver," 573 to "equitable distribution of wealth or income," and 299 to "public utilities, regulation, government ownership." "Capitalism" ranks third from the last with 174, and "Russia" next to last with 153. The national council which did the balloting is "made up of men who are nominated as the best-informed and most public-spirited citizens of the country." Public-spirited they may well be; that they are well-informed we who read their answers may express a couple of polite doubts.

**THE TRAGIC OUTCOME** of the Lindbergh case at least brings to the unfortunate parents surcease of uncertainty, as it also brings to them the renewed sympathy of the entire country. Now, we trust, the press will cease to make life unbearable for Colonel and Mrs. Lindbergh and leave them to their friends and to their grief. It has acted so outrageously that the least it can do is to vow to make no mention of the Lindberghs for at least a year—no matter how many news items are thereby missed. We have read various defenses of the conduct of the daily press in this horrible affair; we can only repeat the familiar line in this matter that he who excuses accuses. If two honorable and unusually fine persons have not had life in their own country made impossible for them, it is certainly not the fault of the dailies, whose sinning against the Lindberghs far antedates the tragedy of Hopewell. Typically American are the outbursts one hears from every side—"those kidnapers ought to be burned, or torn limb from limb"—and the demands that Congress pass a law at once to make kidnapping a capital crime. This is not helping to remedy the situation, but is merely invoking again the lynching spirit. We yield to no one in our desire to see the guilty punished, but no torture, no lynching, will bring back the child or heal the parents' wounds. Nor will death sentences in the slightest degree deter criminals of this particularly inhuman type, especially if they are deranged.

# The Failure of Big Business

IT would be unfair to charge the sins of omission and commission of the bankers involved in the Kreuger and Toll collapse against bankers and business as a whole. Yet it is impossible to deny that such a financial disaster could not have occurred at a worse time, especially as it was practically simultaneous with the collapse of the Insull properties and the greatest receivership in the history of American business. That it will further destroy public confidence in our big business leaders is obvious, all the more so because the heads of the house of Lee, Higginson and Company have been recognized as men of extraordinary probity of character and of high ideals. At the very best, Mr. Donald Durant of this firm has proved that in its blind confidence in a great rascal it showed its unfitness to carry on the business that it set itself. But the incompetence of our business men appears at every turn, right in their own fields. They have berated the government again and again because of what they call its mismanagement of the railroads when it took them over during the war, yet they know no better way of meeting the existing railroad situation, after obtaining reductions in wages, than to crawl to Congress on hands and knees begging help from the Treasury in order to pay off loans from their bankers—the same bankers whom they have favored with their business without competitive bidding on the ground that if you help them out in good times they will stand by you in lean.

Just at this moment comes a reminder from the Interstate Commerce Commission that the investigation it has been making into the subject of economies through scientific railroad management has been completed; it brings out in bold relief the waste and mismanagement in purchasing that have been going on. No more than the railroad men do the bankers see any fault in the government's loaning them large sums of money and becoming their chief creditor. But all together they make the welkin ring with their denunciation of Congress and the proposed new income and inheritance taxes. It would seem as if the mess that they had made of things ought to debar them from criticizing anybody. But they are arrogating to themselves the right to tell Congress what it shall do, and how it shall think, what taxes it shall put on, and what it shall not levy. With some of their investment trusts in ruins, their security companies in bad odor, their super-holding companies either collapsing or on the verge of collapse, they are the last people to have the impudence to tell Congress what is or is not good for business and the American investor. A short time ago, speaking before a club in this city, one of the leading bankers denounced the extravagance of our local and municipal and State governments precisely as if his salesmen and a whole locust swarm of others had not swept through the land urging all local and State governments to issue bonds so that their sales forces might be kept busy. The bond salesman did not merely make his living by disposing of securities. He helped to create the issues which he marketed, precisely as real-estate mortgage-bond salesmen, and their employers, brought about the construction of far more buildings than were necessary. There could be no more dreadful indictment of the

big-business point of view than the address of this banker, who bewailed the fact that there were 750 vacant apartments on Park Avenue in New York City, but had not one word to say about the 860,000 workingmen and their families in the metropolis who are unable to pay any rent and are subsisting upon public or private charity. Not once in the course of his entire address did he give evidence of any thought of anybody but himself and his own crowd.

Moreover, when they denounce Congress and the government for failure to save them overnight, the bankers and big business men overlook the fact that the problems which their mismanagement of our affairs have put up to Congress are extraordinarily difficult and have not yet been solved by the parliament of any country on earth. Still more important is the fact that if we are without leadership in Washington today it is more the fault of the privileged classes than of anybody else. Who has owned the political parties in this country? Woodrow Wilson declared in 1912 that the bosses of the party were owned by the masters of the bosses, "the great capitalists." Theodore Roosevelt was equally vigorous in denunciation of the powers that prey, and called the politicians of his own party "robbers and thieves" when they denied him the nomination in 1912. Then he suddenly discovered that they were merely the tools of big business. The "invisible empire," as Mr. Wilson called it in 1912, has continued to rule this country ever since we got into the World War, and the result is what we now see it to be. The time has certainly come now, as Mr. Wilson and Colonel Roosevelt said it had come in 1912, for the people to get hold of their own government, and for Congress to do the legislating. We do not say the legislation will always be wise or just or farsighted, but that it will be just as reliable as and much more intelligent than the combined judgment of Wall Street, we have no question whatever.

As for leading us out of the crisis, the captains of industry have plainly no vision, no plan, no economic program. They are united on not a single remedy, and cannot even agree what our attitude should be in respect to those phases of our relations with Europe which can help this country out of economic distress. Indeed, they have no understanding of the fundamental forces underlying the whole problem. They have been unable to produce as excellent a program as that of the Brotherhoods referred to on another page. If we work out of this situation they will wish to go on doing business just as before, supremely happy in their belief that they alone are fit to rule us, without making the slightest effort to reorganize our social, political, or economic life. They will continue to show that they are concerned only with their own aggrandizement. That will, however, not keep them from complaining bitterly if nemesis overtakes them. Today even to think of the fate of the unemployed masses is beyond them. Yet the handwriting is plain on the wall. Big business men would be wise if they for once took the lead in yielding some of their special privileges and heading a movement for the reorganization of our economic and political life. For if they do not do so, others will.

O.G.V.

## The Problem of Federal Relief

SENATOR ROBINSON'S proposal on May 11 for a \$2,300,000,000 federal bond issue for public works and the relief of unemployment seemed at last a ray of hope in the Washington fog. Mr. Robinson urged the issuance first of \$300,000,000 in bonds to provide funds for advances to States and municipalities facing increasing unemployment. This was to be followed by the issuance of \$2,000,000,000 in federal bonds to provide money for construction loans to States and municipalities, to be spent upon "self-liquidating and profit-making enterprises," principally toll bridges and tunnels, and possibly housing projects. What seemed particularly heartening about this proposal was that it was made by the same Senator Robinson who in mid-February voted flatly against the Costigan-La Follette bill providing \$375,000,000 for unemployment relief. If the Democratic Senate leader had been brought by the inexorable course of events to reverse himself on this question, it seemed probable that enough other Congressmen could reverse themselves to pass the new proposal.

No sooner had the proposal been made, however, than President Hoover, under the guise of cooperation, began to disembowel it. He suggested first that the whole question be handled by the Reconstruction Finance Corporation. This suggestion involved merely a change in machinery, and was in itself unimportant. Next he reiterated that there could be no change in the "fundamental policy" that "responsibility for relief to distress belongs to private organizations, local communities, and the States"—in other words, it belongs anywhere and everywhere but to the federal government. However, municipalities are not to be helped; the government is to lend this money only to States. This means, of course, that nothing would be done under this section except upon the initiative of the States; and they, and not the federal government, would carry the burden. The States, of course, would not need to borrow the money from the federal government unless they could not borrow it themselves on their own credit. As \$300,000,000 divided among all the States would mean an average of only about \$6,000,000 a State, very few of them would be likely to need to call upon the federal government at all for such help.

Mr. Hoover's second proposed alteration is more serious. He is against bonds "for public works, non-productive of revenue," on the ground that this would mean a "direct charge either upon the taxpayer or upon the public credit." He proposes instead loans for "income-producing and self-sustaining enterprises . . . whether undertaken by public bodies or by private enterprises." What exactly would this mean? It would mean that a federal government which will neither give nor lend a dollar to an unemployed man so that he may keep himself and his family alive will lend money to a private capitalist so that the capitalist may have an opportunity of making a profit with it. The federal government has no responsibility whatever for relieving the starving man—that responsibility is purely on the State or the local municipality; the responsibility for relieving the local capitalist, however, is the federal government's, and

not that of the State or municipality. So far Mr. Hoover's theory of the respective fields of local and federal responsibility is, we hope, perfectly clear. Now, if the particular enterprise which the capitalist proposes were reasonably sure to be self-sustaining, it could be financed by private money. What the government would be asked to lend to, therefore, are enterprises which private lenders are not sure would be self-sustaining. If the enterprise failed, the government—that is, the taxpayer—would lose the money, and the capitalist would express his sincere regrets. If it succeeded, however, the capitalist would repay the loan and keep all the profits for himself. This is Mr. Hoover's theory of the true field of government.

We need hardly add that Senator Robinson's original proposal, while far from ideal, is immensely to be preferred to President Hoover's. There is no sound reason why the federal government cannot make loans for relief to municipalities as well as to States. It would of course be better if it went further, and at least offered to share directly a certain percentage of that relief. Senator Robinson's proposal that the \$2,000,000,000 construction loan should be made only against self-liquidating and profit-making State and municipal enterprises has the merit of allaying fears regarding non-productive debt, but such fears have clearly become pathological. A nation that has reduced its debt by \$10,000,000,000 in little more than a decade need not fear to raise it by a few billion dollars in the greatest economic crisis of a century, particularly when such an increase in debt is for the vital purpose of providing employment and perhaps giving the necessary impetus to genuine recovery.

## Smashing the Atom

IT has recently been announced in the public prints that Professor Albert Einstein has changed his mind and no longer believes that space is curved. The general public may therefore give up its unsuccessful efforts to imagine what curved space would be like, and if it feels inclined to blame Professor Einstein for having caused a good deal of unnecessary bother, it had, perhaps, better remember that he is less at fault than those newspapers which insisted on making news out of a hypothesis which should have properly been the concern of only a very few people.

But if the *theories* of scientists are of restricted interest, the *plans* of scientists are another matter, for the very simple reason that after two hundred years we have good reason to suppose that they will accomplish any concrete project they set their minds to. When the man in the laboratory announces that he has solved the secret of the universe, we may permit ourselves a simple "ho-hum"; but when he tells us that he is about ready to launch television or even to send a projectile to the moon, then the chances are that he is actually about to do just that thing. Hence it is that all the recent fuss about the atom is beginning to look serious—not because of the quarrel between those who take a common-sense view of the quantum theory and those who insist upon what may be called its mystical interpretation, but because the possibility of releasing the almost incalculable inner energy of the atom seems to be coming closer and closer. An admirable article by Waldemar Kaempffert in the New

York Times sums up the situation as it now stands, and we recommend it heartily to the attention of any persons who find the depression and the next war insufficient subjects for worry.

It is true—and probably fortunate—that a really efficient method of smashing the atom has not yet been devised. Cockroft and Walton of Cambridge calculate that the projectiles which they shot at atoms hit the target only once in ten million times and that, accordingly, the energy produced by the occasional lucky hit is insignificant. But the fact remains that certain atoms have been disintegrated and that energy has been released. Dozens of scientists in all parts of the world are seeking a more efficient method, and when that method is found, all present sources of power will become negligible and man will be in control of energy sufficient not only to perform all the work that could possibly be thought of, but also, of course, sufficient to blow our whole planet to smithereens.

It is believed that the transformation of a given quantity of lead into gold would produce about a hundred million times as much heat as the burning of an equal quantity of coal—which is to say that a fraction of a grain of lead would do the work of a ton of coal and that, as Mr. Kaempfert says, it is the owners of coal mines and oil wells rather than the owners of gold who have most to fear from a realization of the alchemist's dream. And yet, as he goes on to suggest, it is perhaps all of us together, whether we own anything or not, who have a cause of alarm even greater still, since, as Professor Jeans and others have suggested, there is no reason to believe that man is by any means yet a creature who could safely be trusted with power so nearly inconceivable. Mr. Kaempfert, it is true, counters with the suggestion that perhaps "each new discovery about the atom makes man more consciously a part of the world around him—and thus impresses him with the littleness of his greed and the puerility of his disputes." But surely no one who is familiar with history, no one who has observed how little the gradual revelation of the wonders of nature has tended to produce any general realization of "the littleness of [man's] greed and the puerility of his disputes," is likely to get much comfort from that suggestion. Neither is anyone who contemplates the still unsolved problems produced by the coming of our crude machines likely to look forward without alarm to the coming of a new mechanical revolution which—if by chance the human race should survive it—would make us seem to future historians only slightly different from the peoples of the Stone Age. H. G. Wells used to talk about the race between knowledge and destruction. Perhaps now we can begin to hope only that we do not learn too fast.

With relief, therefore, we turn to a pleasanter invention which seems to be just around the corner and to which no less a person than Leopold Stokowski has given his approval in advance—namely, to a synthetic prima donna whose voice will come from one of the contemporary leviathans of the operatic stage but whose body, seen via television or something of the sort, will be supplied by a beautiful young lady who looks the part. It would be some consolation to know that, during a few years before the world was destroyed in a conflict fought with atoms, we were going to have the pleasure of contemplating, let us say, performances of "Tannhäuser" in which Venus had the voice of Tetrazzini, the face of Greta Garbo, and the legs of Marlene Dietrich.

## Negro Children in New York

NEW YORK is the largest Negro city in the world. In 1930 the Negro population of the metropolis numbered 327,000, and of these, more than 75,000 were children under fifteen years of age. There is not, fortunately, in New York the discrimination in amounts spent for education of Negroes and of whites which prevails in many other parts of the country. But in other ways it is plain that Negroes, and especially Negro children, suffer disadvantages which place them in a far less fortunate situation.

The Children's Aid Society has just conducted an extensive study which shows that proportionately more Negroes are out of work, that Harlem housing is proportionately more congested, that crime is more prevalent, that the death-rate is far higher, among dark-skinned New Yorkers than among whites. All this will be deeply felt by the children. It will undoubtedly come as a surprise to citizens of New York to know, for example, that the death-rate from tuberculosis was three times as high in Harlem as in the city as a whole; that the infant-mortality rate in central Harlem is the highest of any district in Manhattan; that expectancy of life is fifty-five years for a white man and forty-five years for a Negro. Part of this is certainly explained by housing congestion and unsanitary living conditions. It may be interesting to note, in this connection, that density of population in the Negro sections of New York is 336 per acre; in Philadelphia it is 111; in Chicago, 67; in Louisville and New Orleans, 30.

It is inevitable that where poverty, overcrowding, disease, and unemployment are disproportionately high, children will suffer, and the need for playgrounds, vocational occupation, health stations, and general public health work will be correspondingly greater. A study of neglected and delinquent Negro children made in 1927 showed that, in 1925, of 11,512 cases in the New York City Children's Court, 8 per cent were Negroes (the proportion of Negroes to total population is 5 per cent); that the largest number of neglected Negro children were under seven years of age; the largest number of delinquents, boys and girls, were between thirteen and sixteen years of age; and of fifty cases picked up at random, only one child was found to have had contact with organized recreation. The Children's Aid Society has, very sensibly, been making playground and club work in Harlem one of its major activities. That it may expect results from this work is clear when it is noted that in 1861 Negroes were 97½ per cent illiterate and without any property, real or personal; that forty years later illiteracy had dropped to 70 per cent; and by 1920 it was 22.9 per cent. In New York only 2.9 per cent of the Negroes over ten years of age were classed as illiterate in 1920.

The Negro child in New York, therefore, has thirty times as great a chance to become a competent sharer in the economic life of the nation as had his slave grandfather. And where there is no discrimination against him in kind of school and training or salary of teacher, he can learn. If opportunities are made for him to learn also, through recreational activities, how to make more secure his place in society, the level of the race will irresistibly be raised.

# Playing with Matches

## *The Rise and Fall of Ivar Kreuger*

By MAX WINKLER

A QUARTER of a billion dollars may reasonably be estimated to represent America's stake in the Kreuger and Toll combine. The present value is probably less than \$10,000,000. Of the total, \$115,500,000 represents what may euphemistically be termed investments in International Match, an American corporation with the majority of the board Americans. The present value of this "investment" is less than \$2,000,000. The amount placed in Kreuger and Toll bonds and shares is also estimated at \$115,500,000, with a present value of about \$4,000,000. The balance is made up of miscellaneous "investments" in a number of enterprises affiliated with the late Mr. Kreuger.

Once more America has succeeded in creating a record. This time, it is the greatest financial scandal of which history can boast. Not since the days of Rome with her consuls and proconsuls has the innocent and believing public been duped to such a tremendous extent. It is almost incredible to learn of the doings, or rather undoings, on the part of organizations headed by men to whom the public looks for guidance in matters financial and economic. And, curious though it may seem, all was done in strict accordance with provisions of loan contracts, indentures, documents, agreements, and various other implements concocted in juridical laboratories.

In the mad, confident spring of 1929 there descended upon the American people, with the aid of the nation's mighty monarchs of finance, a less than fifty-year-old Swede, Ivar Kreuger by name. He had been in the match business and had prospered. Contact with American bankers may be assumed to have taught him that size was prerequisite to everlasting fame. He yielded. And thus began Kreuger's spectacular career. The campaign was financed by American bankers who liberally furnished the people's millions.

Of the \$250,000,000 of good American money given by American bankers to Kreuger for whatever he was pleased to do with it, \$50,000,000 represents an original investment in the so-called Secured Gold Debentures issued in March, 1929. Bonds were issued in accordance with an indenture containing eighty-four pages of reading matter. From the viewpoint of meaninglessness the indenture is, in the opinion of the writer who is merely a student of economics, a masterpiece, and deserves to go down as such in the annals of financial writing.

The offering syndicate comprised America's finest: Lee, Higginson and Company; the Guaranty Company of New York; the National City Company; Brown Brothers and Company (now Brown Brothers, Harriman and Company); Dillon, Read and Company; and the Union Trust Company of Pittsburgh. The price was 98, and the yield over  $5\frac{1}{8}$  per cent. Thus, price and yield denoted first-class quality. Legal matters in connection with the bonds were in the hands of Ropes, Gray, Boyden, and Perkins of Boston, and Carter, Ledyard, and Milburn of New York. The loan was said to be specifically secured by pledge, under a debenture agreement, of the following securities:

| Issue                                                          | Amount<br>(Par Value) |
|----------------------------------------------------------------|-----------------------|
| Jugoslavia $6\frac{1}{4}$ 's, 1958.....                        | \$ 7,000,000          |
| Latvia 6's, 1964.....                                          | 6,000,000             |
| Poland 7's, 1945.....                                          | 5,100,000             |
| Ecuador 8's, 1953.....                                         | 1,986,900             |
| Ecuador Mortgage Bank Guaranteed 7's, 1949.....                | 1,000,000             |
| Greece $8\frac{1}{2}$ 's, 1954 (£979,902).....                 | 4,768,693             |
| Rumania 7's, 1959.....                                         | 2,000,000             |
| Rumania 4's, 1968 (£380,690).....                              | 1,852,628             |
| France 3's and 4's (Fr. 344,000,000).....                      | 13,477,576            |
| Belgian National Railway Pfd.<br>(Fr. 80,000,000).....         | 2,224,460             |
| Prussian Mortgage Bank Gold 8's<br>(RM. 12,000,000).....       | 2,858,400             |
| Hungarian Land Reform Mortgage $5\frac{1}{2}$ 's,<br>1979..... | 12,000,000            |
| Total.....                                                     | \$60,268,657          |

It will be noted that the par value of the above-listed securities aggregates well over \$60,000,000. With the exception of Ecuadorian bonds and with the possible exception of Latvian bonds, every one of the issues pledged or said to have been pledged was in the spring of 1929 regarded as a fundamentally secure investment. Many of the securities had a market value in excess of par, while those which had no official market could in those days easily have been disposed of.

The syndicate was headed by Lee, Higginson and Company. The trustee was the Lee, Higginson Trust Company. The depositary was the Skandinaviska Kredit A.B. of Stockholm. These facts are significant.

The indenture provides that the ratio of the par value of pledged securities to the par value of outstanding debentures must always be 120 per cent. The same applies to the income from pledged securities. Failure to maintain such ratios does not constitute default, unless there is a default in the interest or sinking fund on the debentures, but provision is made for deposit of additional collateral to restore the ratios. Pledged securities may be withdrawn provided the above ratios are maintained. There may also be substitutions. In case the latter take place, "eligible" securities must be put in place of pledged securities withdrawn. The following are "eligible":

1. Issues of sovereign countries or bonds of cities with more than 300,000 inhabitants. In other words, Russia, Mexico, China, Peru, and Bolivia would qualify, as would also Moscow and Leningrad. Inasmuch as the indenture does not specify that the currency in which bonds are scheduled to be serviced must be stabilized, it appears that paper-mark obligations of Germany would also be regarded as eligible; so that it would have been permissible to remove the above \$60,000,000 par value of bonds and deposit, in their stead, \$60,000,000 par value of German Government Forced Loan of 1922, which can be bought for \$5 a million. That is to say, the above collateral could have been withdrawn and

other bonds deposited at an expense of only about \$300. It is for this reason that one cannot unqualifiedly subscribe to reports that Kreuger had forged \$100,000,000 worth of Italian bonds. Since the indenture drawn by American lawyers made it possible for Kreuger to obtain, without much ado, \$60,000,000 worth of good bonds at a purely nominal expense, why should Kreuger have gone to the trouble and expense of having bonds forged? We made it possible to accomplish the same things with much less inconvenience.

2. Issues of mortgage banks.

3. Railway shares, dividends on which must be guaranteed by a sovereign government. The various Mexican railway issues and some hopelessly defaulted Latin American railway shares would qualify under this provision, which says only that dividends must be guaranteed. Apparently nothing is said about their having to be paid.

The circular contains four pages of material descriptive of the Kreuger and Toll Company, with particular reference to the Secured Debentures. Elaborate statistics, balance-sheet figures, and earnings statements are presented. One looks in vain for the name of an accounting firm. It is not there. Is it not strange that a loan involving tens of millions of dollars of the people's money was contracted merely on the word of one man who was unable to furnish any dependable information regarding so gigantic an enterprise? In this connection, it is of interest to quote from an article in the *Svenska Dagbladet*, written by Gustav Cassel, the renowned economist. Professor Cassel says:

When such firms as Lee, Higginson and Company placed their names under Kreuger emissions, it was natural that we in Sweden [and most certainly we in the United States] imagined that they had carefully examined the firm's position and that they exercised reliable and thorough supervision over its leadership. In this we have been deceived. If abroad at this moment we are held responsible to a large degree for the Kreuger fiasco, we too, to a lesser degree, may hold foreign interests responsible. . . . Year after year they have given Kreuger and Toll tremendous moral backing without bothering to test the firm's position. Responsibility for this lies with these people, not with Sweden.

This confidence of Professor Cassel in Lee, Higginson was justified. No banking house in the United States has held a higher position. Its leading partners—Frederic W. Allen, Jerome D. Greene, George C. Lee, and Norwood P. Hallowell—have always ranked as men of the highest standing, of great public spirit, and of unquestioned probity. The firm itself has always stood in Boston like the Rock of Gibraltar; its position was considered the very best in New England and its reputation was that of absolute conservatism and the wisest judgment. Hence the double shock of the present disclosure. The Kreuger and Toll and International Match securities are scattered all over New England; they are held in trust funds and in accounts of all sorts of institutions and by innumerable widows and orphans—the same class that suffered so terribly in the collapse of the New York, New Haven, and Hartford a few years ago.

Under date of August 14, 1929, the governing committee of the New York Stock Exchange approved the admission of the Secured Debentures, on the basis of an application submitted on behalf of the Kreuger and Toll Company by Donald Durant, director of the company and identified with

the banking house which originated and distributed the bonds. In this application the company agrees (the agreement bearing the signature of the above-mentioned Donald Durant): "Not to dispose of an integral asset . . . without notice to the Stock Exchange; . . . to publish promptly to holders of bonds and stocks any action in respect to interest on bonds, dividends on shares . . . ; to notify the Stock Exchange if deposited collateral is changed or removed."

After the suicide of Kreuger rumors began to spread that there had been certain irregularities in connection with the handling of the pledged securities. It was stated above that the company had the right of substitution. So it did. But notice had to be given to the Stock Exchange. Was it given promptly, and, if so, what did the Stock Exchange do with such information? Furthermore, holders of bonds were apparently promised "prompt" information regarding "action in respect to interest on bonds. . . ." When Hungary announced last fall suspension of payments on external loans, \$22,000,000 worth of bonds representing part of the collateral for the above bonds became at once affected. Were the holders of bonds notified of this "action"? Are not the holders of the Kreuger and Toll so-called Secured Bonds entitled to an explanation?

At any rate, late in March, 1932, there was released for the public some information regarding the nature of the collateral. The changes which have been made are almost sensational. With the exception of about Fr. 74,000,000 of Rumanian Monopolies 7½ per cent bonds, which are listed in Paris, not one issue said to comprise the present collateral has a market. All marketable or reasonably sound securities have been taken out. The French bonds are gone. So is the Belgian National Railway preferred stock, on which the Belgian government guarantees a minimum dividend of 6 per cent. So are the Greek 8½'s; so are the Rumanian 7's and the Polish 7's; and so are the Prussian mortgage bonds. In their place there are more Hungarians, in default or affected by the moratorium, and more Jugoslavs without any market, although of course not entirely without value.

The dates on which substitutions were made are also significant. A recently published statement by the New York Stock Exchange refers to a statement made by the Lee, Higginson Trust Company, according to which the information relative to substitutions had "been currently available" for debenture holders at the office of the trustee. However, debenture holders had complete faith in the bankers who had sold them the bonds, and it probably never occurred to them to inquire what collateral had been removed and what issues put in their place. Even if they had obtained such information they would not have been able to interpret it properly. On the other hand, if the trustee had such information, to whom was it given out? The trustee doubtless knew that the removal of French or Belgian bonds and the pledging instead of Hungarians changed the picture very radically. The market value of debentures secured by such pledged collateral became at once most seriously affected. Was someone using this information to his own advantage? If so, the facts should be brought out. They would throw light upon the circular sent out by Lee, Higginson and Company, under date of October, 1931, in which the Kreuger and Toll Participating Debentures were "recommended," on the ground that they were "at their present price . . . distinctly undervalued and afford an unusually attractive opportunity to

make new commitments or to add to one's holdings." This recommendation was made in October, 1931, when the Participating Debentures, which are junior to the Secured Debentures, were selling around \$9 (present price 12½ cents).

In January, 1932, the bankers once again recommended them as "an undervalued security" on the ground that "taking into consideration facts alone and not general apprehension unsupported by facts, they represent, in our opinion, an interesting commitment from the standpoint of price in relation to intrinsic value." This recommendation also points out that "at their present market price the equity issues of the Kreuger and Toll Company are selling for about \$64,500,000." It would be of interest to inquire how the authors of this statement determined "the present market price."

Under date of January 28, 1932, they distributed a statement by Ivar Kreuger according to which "the company's holdings of foreign government bonds are now carried on the books at approximately \$50,000,000." The statement also pointed out that "the net assets . . . correspond to about \$16 per Participating Debenture." Were they, one may ask, aware of substitutions on January 28? If so, why should not the holders of the Secured Debentures have been apprised of the changes?

A prominent Stock Exchange house, with offices in cities all over the United States and Canada, including Dallas, Philadelphia, Burlington, Plattsburg, St. Albans, Saranac Lake, Toronto, and Montreal, shortly before Kreuger's death published a special analysis of Kreuger and Toll, in which they recommended the Participating Debentures, which "have an equity of around \$16 for each certificate." The report concluded by advocating them as "an attractive pur-

chase." Another Stock Exchange firm, in a special analysis prepared for the firm's numerous clients, also recommended the purchase of the certificates, that is, the Participating Debentures. "We can," the circular read, "see little or no point in disposing of the Participating Debentures at these levels and, in fact, we consider the American certificates attractive." A reputable statistical organization whose records were "revised September 3, 1931," lists the collateral securing the debentures as it was given in the original prospectus. It would be interesting to find out how the organization goes about revising its records.

The whole picture is shocking. It shatters whatever faith the investor may have retained in those who are supposed to guide the financial destinies of the nation. A thorough investigation is imperatively needed. Such is not likely to result from the committee recently formed under the auspices of the very firms which are responsible for the origination and distribution of the bonds, to "protect" the holders of Kreuger and Toll securities. To begin with, the committee to "protect" the Secured Debenture holders is composed of six men of whom five are connected with the houses referred to above. For the sake of diversification, the head of a New England textile mill is added as a sixth member. One cannot be both plaintiff and defendant.

In order to afford real protection—not to the committee against the investor, but to the investor—an absolutely independent committee may prove essential. This can, however, only be accomplished if the investors desire it. If they do not, it will merely bear out the truth of the Latin saying: "Populus vult decipi; decipiatur" (The people wish to be deceived—let them be deceived).

## The Control of Big Business\*

By WALTON H. HAMILTON

A FEW weeks ago the staid United States Supreme Court took "judicial notice" of the depression. It found "the change in conditions" to be "the outstanding fact, dominating thought and action throughout the country." A little later, in a dissenting opinion, Mr. Justice Brandeis declared that "the people of the United States are confronted with an emergency more serious than war." He did not attempt to catalogue reasons for our current plight or to impute blame; but he did set it down that, "rightly or wrongly, many persons insist that one of the major contributing causes has been unbridled competition." And he did assert that "there must be power in the States and the nation" to correct "the evils of excess productive capacity" and "through experimentation" to "remold our economic practices and institutions to meet changing social needs." In this restrained expression of judicial opinion a sense and reason which are current challenges a sense and reason which are outworn.

Our anti-trust laws express the common sense of another age. Toward the close of the nineteenth century a nation which had been composed of farmers and small business men was confronted by a crisis. A revolution in the ways

of production which had been gaining momentum with the passing decades was no longer to be ignored. The hand trades were giving way to manufacture; the machine process was transforming the ways of production; businesses were becoming great corporations; captains of industry were coming into possession of wealth and power; and the strange and wicked city was dominating the country. A society made up of almost self-sufficient farms, with its complement of local trade, was being transformed into an articulate, even if rather unruly, industrial system. In the whirl of change small traders who saw their enterprises crowded to the wall cried out against the iniquities of big business. The public, which distrusted size as much as it feared extortionate price, realized that untoward things were going forward. An industrialism which had got its start by stealth came on with such a rush as to leave the people bewildered. The world was no longer as it used to be—and ought to be.

In the emergency a policy had to be formulated. In the task it seemed to occur to no one, at least among those in strategic places, to ask whether industrialism was not rather different from anything society had known before, and whether experimentation might not be used to contrive for it a suitable scheme of control. Instead, the thinkers and the statesmen of the times brought to the problem the best wis-

\* The sixth of a series of articles on various important phases of our economic life. The seventh, Planning for Power, by Morris Llewellyn Cooke, will appear next week.—EDITOR THE NATION.

dom they could muster—and this wisdom was the product of a social experience which was passing. If the farmer found difficulty in making ends meet, or the small merchant was threatened with extinction, or the customer had his pocket picked by the extortionate dealer, or the workingman put in his long hours for a pittance, it was all because the system of free competition was not working.

At the time, the case for an enforced competition seemed to be quite reasonable. Fact may be on time, but thought usually arrives on the scene a little late. The people talked quite grandly about every man being "the architect of his fate"; and they believed quite sincerely in the creed of "each for himself and the devil take the hindmost." In that climate of opinion only individualistic notions of the province of government and the control of industry could gain currency. Moreover, a long experience with petty trade had produced its own economic policy, and the sense of the man in the street was confirmed by the wisdom in the learned books. It was perfectly clear that the competition of seller with seller and of buyer with buyer gave assurance of efficient service, high quality, and fair price. The interests of one party to a trade—seller, lender, or employer—were balanced by the interests of the other party—buyer, borrower, or employee. Nor could any trader help himself at the expense of his customer, for his desire for gain was checked by the rivalry of others for the very dollars he was trying to secure. The ups and downs in prices which came in the wake of competition attracted or repelled capital, and thus in each industry kept the capacity-to-produce adjusted to the demand for the product. In fact, free enterprise was "a great and beneficent system" which kept industries organized, eliminated the inefficient, gave survival to the fit, insured to labor good working conditions and fair wages, and protected the consumer. For all "the blessings of free competition," as the Supreme Court of the nineties called them, a single provision had to be made. Trades were to be kept open, if need be through a legally enforced competition, and an automatic, self-regulating system could be depended upon to secure for the public all the business system had to give. The thing to be done seemed obvious; and an attempt was made to stay the development of large-scale enterprise and to make big business behave as if it were petty trade.

So it was that in the name of *laissez faire* the law was invoked. For some time, even if not from time immemorial, the common law had forbidden "conspiracies in restraint of trade," and a number of States had in the decades following the Civil War aimed statutes at the growing evil of monopoly. In 1890 the Sherman Act, designed to prohibit combinations in "commerce among the several States," was enacted into law. In 1914 the Clayton and the Federal Trade Commission acts were passed in an attempt to extend and to strengthen the federal anti-trust act. The great majority of the States—almost all in the South and West—passed their little Sherman acts.

The resort to law carried its own peculiar hazards. The ideas of common sense had to be translated into the language of legislation; the ends of public policy had to be vindicated through a process of litigation. Economists and statesmen might talk of an enforced competition, but the judiciary gave its attention to "conspiracies in restraint of trade." The language of the statutes caused the courts to consider modern industrial mergers in the light of precedents from a pre-

industrial era. The decisions of a former age were invoked in suits to punish offenders or to "dissolve" monopolies; the litigation had to go forward, from issue to issue and from court to court, under a formal code of procedure never designed to draw a line between desirable and undesirable forms of industrial organizations. The cases were heard before benches of judges far more experienced in the discipline of the law than in business, and far better acquainted with Cooley on Blackstone than with texts on the economics of monopoly. It is hardly strange that questions of anti-social practices were subordinated to the antecedent questions of decorous procedure, and that ingenious attorneys found ways to "wear the case out" before the larger issues were raised.

It is small wonder that the resort to law has not been a conspicuous success. Our era of federal "trust-busting" covers a period of more than forty years. In this period has occurred the greatest movement in the concentration of productive wealth known to history. Yet the statistics of the Department of Justice present a most illuminating picture of law enforcement at work. A little more than two score criminals have been jailed, and eight have fallen afoul of the law for contempt—a matter of a little more than one person a year. A little under 1,400 persons have had to pay fines aggregating about \$1,750,000—or roughly 40 offenders and \$50,000 a year. A number of States have derived far more revenue from trust-busting than has the federal government. Yet the prosecution of cases has not been a profit-making enterprise; the fines collected have fallen far short of the costs of administration. On its face this record is a glorious tribute of respect paid by men of big business to the letter, if not to the spirit, of the anti-trust acts.

This does not mean that the statutes have been without their effect upon the practices of business. They have been ineffectual in preventing corporations from acquiring the physical properties of their competitors and in staying the progress of industrial combination. They have put serious obstacles in the way of agreement among rival manufacturers to restrict output and to maintain price. The barriers have not been insuperable; captains of industry are anxious to live within the law, but they also love to have their own way, and the art of doing both is not unknown to able lawyers. If resourcefulness has often failed the emergency, the credit is not always due to the law. The ups and downs of business strain the morale of all industrial groups; and lapses into the established ways of competition are due more often to a break in discipline from within than to the vigilance of public officials. It is of interest that a number of gigantic corporations have escaped the toils of the law, and that severe penalties have often fallen upon small businesses and upon trade unions. Even where they have not been effective, the acts have been at least a petty nuisance to the interests affected.

But the roots of failure are far more fundamental than a resort to law to give effect to a public policy. The course of industrialism has come with too much of a rush to be stayed; its forces have been too turbulent to be subdued by legislative fiat and court decree; business men have been too powerful to allow their activities to be crowded into the grooves chiseled out long ago for a simpler industry. The universe of petty trade was one sort of place; the world of big business is quite another. In the small town the trader knew his customers personally; he could enlarge his business

as his market expanded; his out-of-pocket expenses furnished adequate bases for his prices. As invention brought changes in technical processes, time allowed an easy accommodation. Under the prevailing system a knowledge of the future intent of customers and of the hidden plans of rivals is essential to a sound policy. The business judgments of today determine the capacity-to-produce of tomorrow; yet, in an impersonal market, the demand may go to a rival or pass on to another ware. In many lines of business overhead costs have become dominant; and as fixed charges are spread over a large or a small output, the market determines the unit cost of production rather than the unit cost the market. In adapting the capacity-to-produce of an industry to the demand for goods, a far neater and less wasteful adjustment is demanded than the separate judgments of business rivals can effect. They must respond just enough and not too much to market trends, and the unity in action essential to order cannot be secured by a policy of competition.

In fact, the competitive system at work presents problems unknown to the competitive system in books. The good people of the nineties were disturbed because rivals might get together and conspire to impose extortionate prices upon their customers; and that danger still exists. But quite as important is the bill of costs which competition imposes upon the producers. It makes for plant waste and surplus capacity; it fails to articulate tidy establishments into orderly industries. A capacity which cries to be used and overhead costs which click on with the clock lead as often as not to an overdone competition which drives prices relentlessly down. In its wake comes a plague of bankruptcies, irregular employment, and wages too low to support a decent standard of life. Under such conditions there is no chance to get answered, or even to have raised, the larger questions of policy which affect all who have a stake in the industry. It makes all who are concerned—executives, salaried officials, investors, laborers, and consumers—creatures of an undirected industrialism.

The cry today is for a revision of the statutes; and yet that revision is no easy matter. An influential group demands that trade agreements be submitted to an official body, such as the Federal Trade Commission, and that advance opinions be given upon the legality of the proposed practices. The proposal has much to recommend it; the bother is that it will probably fail in operation. The spokesman for the government is likely to be guided in his advice by what the courts have said in the past, and to hand down general and platitudinous statements which have little relation to the novel practices for which approval is sought. A business must meet changing conditions; its policies must be adapted to the course of events as they emerge; a declaration that a policy on paper is legal can hardly apply to the policy as it works out in practice. Another group demands the right to "exchange information" and promises to abstain from a regulation of output and a control of price. The bother is that if discipline can be sustained and resourceful lawyers can be retained, the practice prayed for is all that is needed to effect a rather far-reaching monopoly. A third group boldly demands the repeal of the acts and offers no constructive scheme with which to replace them. It insists upon enlarging the control of business over industry when recent events have proved the incapacity of business for the proper exercise of the control it already possesses. The anti-trust statutes are

a declaration that business is affected with a public interest; the moral commitment of that declaration is much too important to be lost.

But no mere expedients can get to the heart of the problem. The demand for change comes from an industrial world; it is not to be met with the devices and procedures of a craft society. The simple idea of the uniformity of all trades, which underlies current legislation, must give way to an accommodation of public control to the varying necessities of different industries. For our businesses are not all alike; banking, railroads, power, and radio-broadcasting have already been accorded their own schemes of control. The methods of production and of marketing in various other trades—building, retailing, milk, coal, textiles, cotton-planting—have their own peculiarities with which the problem of industrial direction must come to grips. In all cases, if there is to be order, if the nuisance of bankruptcy is to be abated, if workmen are to have regular jobs and adequate wages, there must be some central direction. The formal control, or understanding, must certainly extend to capacity, probably to output, and possibly to price. In all cases, if there is to be flexibility, there must be some local control.

This general end is to be served by no simple and uniform economic organization. We have ceased to think in terms of panaceas; and neither a return to the good old competitive system of our fathers nor the adoption of a ready-made, hand-me-down substitute will meet current need. If our industries are to become instruments of national well-being, we must employ a varied program of economic control. Three distinct types of organization seem to be promising. Industries which produce non-essentials and can win only a limited trade against the allurements of unlike wares demand little public control; their activities may well be intrusted to the capricious solicitude of the market. Industries, such as railroads and power, which are linked with all the activities of the economic order demand a large social oversight; this may be met either by an administration commission or by public ownership. Industries, such as coal and steel, which have distinctive groups of customers may be organized from within under a control in which producers and consumers alike share. Industries must be kept going and their dependents must be given adequate livings; consumers must be accorded protection against an anti-social restriction of output and a monopoly element in price. This problem is not to be solved by any "either this or that" formula; its solution demands clear vision, full knowledge, and neat adjustments.

The plain truth of the matter is that the rewriting of the anti-trust laws is the beginning, not the end, of the problem. We may indulge in tinkering and console ourselves with make-believe and pretense; but the fundamental question stands out in clear-cut relief. Today a lack of harmony exists between the technology of industry and its organization. An economic order in which the productive processes belong to big business and the arrangements for its control to petty trade cannot abide. We cannot banish depression and summon order by invoking the ideas which the people of the 1890's borrowed from a small-town culture. We must devise a scheme adequate to the task of the direction of great industry. In a world of change a society cannot live upon a wisdom borrowed from our fathers.

# Diary of an Ex-President\*

By MORRIE RYSKIND

**A**PRIL 2. The editor of *The Nation* called me up today and asked me what I intended to do about Peru.

I asked was it important, and he replied that that was not the question. *The Nation* was going to press and didn't have enough foreign news; consequently they hoped to carry something about Peru, which had not been mentioned for several issues. I don't mind helping a fellow out, so I said, "Well, what do you want me to do?" He explained that he didn't care much, as long as it was something he could attack. Well, I don't know much about Peru, and he doesn't either apparently, so it looked as though we were stuck. Finally, he said, "Are you going to take the American marines out of Peru?" Of course I couldn't do that, because there are no marines there. That seemed to tickle him pink, and he is going to denounce me for not taking the marines out of Peru. That was all right with me, and next week I am going to send some marines down there, so he can denounce me for that, too. He is going to try to run something about me every issue, and while *The Nation* hasn't much of a circulation, the way I feel about it is, all publicity helps.

**May 25.** Congress raised the postage rate to three cents today, but turned down my recommendation that Congressional seeds be rated as first-class postage. Their argument was that the only good thing Congress ever did was to send free seeds to its constituents, and that this year many of the constituents are eating the seeds. To charge Congress for this would be the equivalent of starving the American people. It sounds fair enough, and I withdrew my objection, and even suggested the inclusion of poppy seeds for rolls. This was also turned down on the ground that most of the people have no rolls.

**May 29.** This was really a hectic day with all sorts of world events happening. Japan and China signed a truce at noon. The opposing commanders met at Shanghai at 11:45, went to the American Legation where they had a drink and pledged themselves to peace, posing for the newsreels with their arms around each other. They took this opportunity to stick knives in each other's backs, and by 12:10 the casualties on both sides exceeded ten thousand. At 12:30 there was a temporary cessation of hostilities for lunch. After a hearty meal, consisting of cream of celery soup, roast beef, combination salad with Thousand (1,000) Island dressing, French fried potatoes, choice of strawberry shortcake or vanilla ice cream, and coffee, the Japanese Army retreated and the Nineteenth Chinese Army went to sleep.

**June 1.** Henry Ford called today, and sold us one of the new Ford V-8's, giving us a reasonable length of time to pay for it. He is thinking of sending a peace ship to Shanghai, hoping to end the Sino-Japanese peace negotiations thereby. I think this is visionary, but, after all, a man with that much money can't be wrong.

**June 2.** Out on a stag party this evening with ex-Senator Heflin, John Sumner, and Dr. Clarence True Wil-

son. Sumner has a dandy collection of postcards, and showed us one or two extracts from the Bible that I hadn't realized were there. Must remember to read the Bible. Heflin and Wilson have a plan to dry up the Potomac. What I really would like to dry up would be Heflin and Wilson.

**June 8.** The Senate took up the question of Filipino independence today. Some of the hot-heads—I prefer not to mention any names—were in favor of giving the Islands their immediate freedom. This was voted down on the ground that to grant the Islands self-government would be to undo the lesson we had taught Spain in '98. As one Senator put it, "This is tantamount to telling Spain she is again free to blow up the Maine." This brought down the house, and Vice-President Throttlebottom played "There'll Be a Hot Time in the Old Town Tonight" on a harmonica lent him for the occasion by the Chief Clerk. The majority joined in, and the insurgents left the bloc to unite with the majority, and the Philippines remained in our possession. If we retain possession for one more year, they become ours permanently. After that, we can go after the Davis Cup again.

**June 11.** Senator Huey Long called on me today, and through some mistake was admitted. . . . I asked Huey about the colored vote in his State, but to my amazement I found out there is none. It seems that the colored people don't care to register in Louisiana, and, even if they did, the whites don't care to have them register. So for one reason or another they don't register and so they can't vote.

**June 13.** A local speakeasy was blown up around midnight last night, and Communists were suspected until it was learned that the Democrats had held a get-together dinner there. All the party chiefs had already made speeches pledging party harmony when the bomb was thrown, so that nothing was lost except two members who were blown into the ranks of the Progressives, seriously damaging the latter.

**June 14.** I have just had presented to me the cause of Philippine independence in such a manner that I feel I must swing around and demand it as a true patriot. It was pointed out to me that America in 1776, France in 1789, Germany in 1848, all fought for freedom, and that to deny the Islands their independence would be to ally America's name with that of the Tories. I am unwilling to have my Administration put this blot on the fair name of America. Especially when it was further pointed out that by recognizing the sovereignty of the Islands we could then put a tariff on the sugar they sell us. Said tariff would net us, it is estimated, some \$27,000,000 a year. . . .

**June 15.** I had an attack of insomnia last night, but Mary fixed me up by reading the *Congressional Record* to me. She fell asleep on the first page herself. I was a little more hardy, and had to count Congressmen before I really succumbed. I counted only two Congressmen and went right off. Very much refreshed this morning and tackled the day's work with a zest. After breakfast I went out and ordered four summer suits, one for each summer. The

\* Excerpts from a book, "The Diary of an Ex-President," by Morrie Ryskind, to be published by Minton, Balch and Company.

tailor tried to sell me eight, but, after all, how do I know I will be reelected?

*June 29.* The Secretary of Commerce disappeared today, and rumors of foul play were heard. But it turns out that his microphone is also missing, so it is certain that he was conscious when he left. The general suspicion is that he threw himself into the hands of a receiver. Poor Julius! I shall miss him very much. He had great moral courage. No matter how bad things were, you could always count on him to issue statistics denying the situation.

*June 30.* Things are not the same around here with

Julius gone. Mary is inconsolable, though she perked up a bit when, in an effort to snap her out of it, I brought home a parrot that keeps saying, "The depression is over! The depression is over!" . . .

*June 27.* *The Nation* attacked me again today on the Peruvian situation. It seems six Peruvian rivers overflowed their banks last week, and *The Nation* wants to know why I didn't give the Peruvian banks the same support I gave the Bank of England in a recent crisis. I may appoint a commission to look into this, or I may do nothing at all and accomplish the same result.

# Politics—Twenty-Four Hours a Day

By PAUL Y. ANDERSON

*Washington, May 14*

TALK about *playing* politics! The boys are *working* at it these days, in twenty-four-hour shifts. One day Secretary Mills emerges from a session of the Senate Finance Committee with the jaunty announcement that it has consented to a compromise tax plan which will "balance the budget"; next day his chief in the White House utters a thundering blast against Congress for failing to "balance the budget"! For days the Capitol is infested with Cabinet members and other Administration dignitaries screeching that proposed cuts in appropriations will wreck their departments, whereupon the President issues another bull denouncing lobbyists and scolding Congress for refusing to practice economy! To the outsider it may seem a somewhat dizzy business, but it is only the old, old game with new variations to fit the times. Having no choice, Congress has been proceeding with the unpleasant task of raising new revenue and reducing expenditures. Hoover knows that perfectly well but wants to grab credit for forcing Congress to do its duty. Let us hope that nobody outside of a few simple-minded newspaper editors have been deceived by the accompanying ballyhoo. There never has been the slightest chance that receipts and expenditures would not be brought to an approximate level. The government's credit has never been remotely threatened. This is simply a Presidential campaign year.

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THE conflicting strategies of the moment have produced a game called "Relief, Relief, Who's Got the Relief?" The medium is elusive. Now you see it; now you don't. One moment it seems to be in the possession of President Hoover or General Dawes; the next it is being juggled by genial Joe Robinson. If such awful factors of human misery and social demoralization were not involved, the spectacle would be amusing. First the Senate Democrats discovered that Hoover and Dawes were toying with the idea of extending help to exhausted States and municipalities through the Reconstruction Finance Corporation. So what did Robinson do but jump the gun on them by rushing on to the Senate floor to announce a "Democratic program" which pointed somewhat vaguely toward federal loans to States and cities and a federal bond issue to stimulate employment through public works. Naturally Mr. Hoover was surprised, but he knew his Joe. The Arkansas thinker was promptly invited

to bacon and pancakes at the White House, after which a statement was issued declaring that efforts were being made to unify Robinson's plan with "the plans of the President." This was the first information that the President had any plans, but that deficiency was remedied by a hasty explanation that the President's "plan" contemplated loans to States through the R. F. C., to be used for relief and public construction projects. It is a little difficult at this precise instant to tell which side has the ball, but it doesn't matter because it will be fumbled by each side and recovered by the other at least three times before these burning lines can get into type. Next to the urgent necessities themselves, the important thing for the public to remember is that the La Follette-Costigan committee three months ago presented a carefully studied, scientific relief plan which was defeated by a coalition of Hoover Republicans and Robinson Democrats. Who made that interesting remark about "playing politics with human misery"?

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DESPITE all the cheery yoicks of my New York colleagues and the popularity of what the original Associated Press calls "bipartisan White House breakfasts" (consisting, no doubt, of Republican ham and Democratic eggs), I am under no illusion that the revenue bill will go through the Senate on greased skids. Already Jim Couzens has spoken his mind on the cowardice and hypocrisy which prevented a return to war-time surtax rates. And blood is certain to flow over the ridiculous tariff items, which threaten not only to destroy our remaining trade with Canada but also to wreck negotiations over the proposed St. Lawrence waterway. An amazing if belated disclosure is the confession of Acting Chairman Crisp that the Ways and Means Committee permitted Alexander Gregg and E. C. Alvord, former assistants of Andrew Mellon, to aid in writing the administrative provisions of the bill. Gregg and Alvord are both engaged in private practice before the Treasury Department in behalf of large corporations and wealthy taxpayers. The application of the administrative provisions may determine the taxes which their clients are required to pay. The impropriety of permitting private tax attorneys to write the law under which their present and future clients are to be assessed never seems to have occurred to committee members. Indeed, Crisp told me he saw nothing improper about it. Yet one of the pro-

visions these experts helped to write was that governing the revaluation of estates, and Alvord is attorney for a large estate that would be affected by it, while Gregg's brother represents one of the very largest—that of Harry Payne Whitney! While these private tax lawyers were closeted with the committee over the bill, other members of Congress were not permitted inside the room, but the indefatigable La Guardia discovered what was up and prepared an amendment that would have barred any private individual who participated in writing the bill from practicing before the Treasury for a period of three years. The "patriotic" and "public-spirited" leaders over whom so many fulsome eulogies have been pronounced dissuaded him from offering it.

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TO me, however, the most incredible and dismaying thing in the whole history of the revenue bill is the cumulative testimony given by the representatives of wealth. A Communist wishing to demonstrate that the wealthy people of the United States are, as a class, mean, selfish, and unpatriotic to the verge of treason could make no better case than by quoting the words of their own spokesmen from the printed record of the hearings. Over and over the House and Senate committees were told flatly that big business and big finance did not intend to bear their proportionate share of increased taxes and would resolutely and successfully evade every attempt to compel them. The commonest argument of Secretary Mills and those sharing his viewpoint against higher taxes on wealth was that wealth would certainly dodge them. It was nearer to being a case of indecent exposure than anything staged by the Minsky brothers. Of course, I do not believe that the great majority of the rich are quite as black as their spokesmen painted them. Mr. Mills, for example, very often gave the impression of being intoxicated with the eloquence of his own miscalculations. Nevertheless, under such conditions as now prevail in this country and in the face of those which are likely to prevail soon, it was sheer madness for wealth to place on record such an appalling indictment of itself. There has been considerable ribaldry in public and private over Huey Long's proposal to limit net incomes to \$1,000,000 a year and net inheritances to \$5,000,000. But ask the taxi driver, the cigar clerk, the farm hand, or the unemployed mechanic what he thinks about it—and don't ever think he hasn't heard of it! Gentlemen who come to Washington these days to tell Congressional committees they will precipitate further unemployment by withdrawing their money from industry unless allowed to keep more than 46 per cent of their incomes after the initial \$1,000,000 a year are doing no less, in my judgment, than firing off Roman candles in a powder house. Huey is no Cicero, but he spoke a mouthful when he said: "I'm not trying to hurt the rich; I'm trying to save them; because this country won't be safe for them much longer if something isn't done to redistribute its wealth."

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TURNING from the serious to the commonplace, we can all agree that the political situation was temporarily clarified by the virtual confession that Owen Young was a candidate for the Democratic nomination at Chicago. All along I suspected that the wily Owen was the man for whose benefit the Raskob-Smith-Baruch maneuvers were

planned. His indorsement of the equalization fee, his demand for unemployment relief, and the Mona Lisa glance which he cast toward the veterans were sufficient to remove any lingering doubt. Among the professionals in this vicinity opinion was almost unanimous that he could not be put over. I shared that impression, with reservations. A "superman" myth similar to that which put Hoover in the White House still clings to Young, despite the present unhappy condition of Radio and Electric Bond and Share, and I am not so sure that "supermen" are out of fashion. There are, of course, no genuine supermen in big business. There is very little ordinary intelligence in it—as the present state of the country so well discloses—but Young approaches the definition more nearly than any captain of industry whom I have seen. He is, in fact, an extremely shrewd and resourceful man—infinitely abler than Hoover—and he is no coward. Now, however, with his unequivocal letter to John Crowley, Young has clarified his own position by a firm refusal to accept the nomination; but he has muddied the waters again for his sponsors. If Roosevelt succeeds in pussyfooting himself out of the nomination, Young undoubtedly would have been given his chance. Failing in that, where will his sponsors go? It would not be a complete surprise if they went to that handsome and distinguished gentleman who loves all the other candidates almost as well as he loves all the public utilities—Governor Albert C. Ritchie of Maryland. By that time it may not make much difference where the nomination goes. The more one contemplates the summer political prospects the more one is drawn to golf and fishing—provided, of course, there is any golf or fishing left by that time.

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ANOTHER illustration of the supple conscience and agile scruples which characterized George W. Wickersham's handling of the celebrated report on prohibition has just been resurrected by Carter Glass from the dusty files of the Department of Justice. Twenty-one years ago, we now learn, President Taft asked for an opinion on the question of whether a bank could lawfully establish and maintain a subsidiary dealing in securities. The institutions concerned in the inquiry were the National City Bank and the National City Company. Attorney General Wickersham referred the inquiry to Frederick W. Lehmann, probably the most learned lawyer who ever occupied the office of Solicitor General. The reply was complete, categorical, and crushing. He declared that the arrangement was a plain violation of the law—indeed, that it was conceived for the obvious purpose of evading the law. The report was buried. Not only was the National City arrangement unmolested but similar Siamese twins were born wherever powerful banks existed. That this growth was responsible for flooding the country with billions of dollars' worth of phony securities, foreign and domestic; that it caused the failure of hundreds of small banks; that it impoverished millions of trusting investors—these things are known now even to bus boys in Greek restaurants. To Republican Attorney General Wickersham who suppressed the opinion originally, Democratic Attorney General Palmer who suppressed it subsequently, and Republican-Democratic Attorney General Mitchell who surrendered it finally—and reluctantly—there remains only the easy, congenial, and familiar task of salving their consciences.

# The Jews and the Five-Year Plan

By LOUIS FISCHER

THE Five-Year Plan is revolutionizing the character of Soviet Jewry. At the same time it promises to save the Jews of the Soviet Union from the economic eclipse which threatens the Jews of almost all other East European countries. The tragedy of European Jewry is its middle-class composition. In Poland, Rumania, the Baltics, and the Balkans a new national petite bourgeoisie is expelling the Jew from his chief profession—commerce. Using anti-Semitism as a crowbar, it is quickly loosening the Jewish hold on marts and rialtos. The Jews are being pushed out of the capitalist class and prevented, by administrative discrimination and economic circumstance, from becoming proletarianized. In Russia, too, bolshevism is fast exterminating the last remnants of the Jewish bourgeoisie. Simultaneously, however, it has opened new and vast professional prospects to the 2,853,000 Jews who live under the sickle and hammer.

For reasons of larger policy, the Bolsheviks proceeded from the first moment to eliminate the private trader. Whether he was Russian or Jew, Armenian or Tartar, made no difference. The Bolsheviks are opposed to private capitalism and therefore, necessarily, to private trade. The Jews suffered not because of their Jewishness but because they were subjected to influences that affected the entire population of the U. S. S. R. The Bolshevik Revolution, consequently, was followed by a rather prolonged period of material misery and spiritual darkness for Soviet Jews. The small Jewish towns suffered woefully under the Communist attack on petty commerce. The Jew lost not only the possibility of earning a livelihood by honorable means; he enjoyed no rights. He did not vote, he paid higher rents, his children entered school with difficulty if at all, and he was a pariah in the eyes of society and even of his own offspring. Sons and daughters, impressed by the dominating spirit of the revolution, first despised and quarreled with their parents and then forsook them to lead an independent, unhandicapped existence. The Jewish families of Russia rocked with these internal dissensions.

In the midst of this period of distress came the Jewish agricultural-colonization movement. It was the bright light. Jews could join the privileged class. The mere transfer from the city to the colony made the Jew a full-fledged citizen. It cemented his family together, for he became a producer instead of a "capitalist." His children now found the door to education wide open. Above all, of course, agriculture gave the Jew a permanent and state-favored occupation. He stood on firm economic ground. Whoever could, migrated to the colonies. The volume of settlers was determined largely by the availability of funds contributed by foreign Jewish organizations. For a time agrarian colonization appeared to be the solution of the Soviet Jewish problem. Approximately 100,000 Jews settled in the colonies of the Crimea and the Ukraine between 1924 and 1927.

But many Jews could not go. Funds sent from America were limited. Adaptability was likewise limited. The Bolsheviks, nevertheless, continued their persecution of domestic traders. Taxes sometimes exceeded turnover, and

when a man could not pay he was often thrust into prison. The state merchant and the cooperative competed with the private merchant and succeeded, usually, in driving him to destruction. For all practical purposes, the struggle has already been won by the state. Domestic wholesaling and retailing are now almost a public monopoly.

The Five-Year Plan closed this bleak chapter in the history of Soviet Jewry. It introduced a radical change. The merchant expelled from his shop can now be absorbed by the factory and office. Soviet Russia's greatest problem is the scarcity of skilled and unskilled labor. All persons who have the slightest qualification, and hundreds of thousands who have none, find jobs waiting, begging for them, at every turn. Today, therefore, the majority of those Jews who a few years ago were disfranchised and deprived of the privilege of working are employed by the government and have been reinstated in their civil rights. Many Jews who can no longer support themselves by trade and who did not migrate to the colonies are being absorbed into industry. Jews are becoming workers. This is an epoch-making national mutation. Between 1926 and 1929 the number of Jews in the Donetz coal field doubled. The tailor has forsaken his needle, the shoemaker his last, the merchant his store, and now some farmers their plows to accept work in the many gigantic industrial undertakings rising over the face of the Soviet Union. The Jew prefers the city. The transition is easier. The town offers cultural and social advantages which he misses in the collective village. Earning possibilities, too, are greater in the city. Soviet figures reveal that of the 2,853,000 Jews in the Soviet Union, 1,300,000 are between sixteen and fifty years old and gainfully employed. They are divided as follows: workers, 480,000; employees, 450,000; artisans, 200,000. One hundred and seventy thousand Jews are engaged in farming. No Jews are registered as unemployed, and only 15,000 come under the rubric of economically active but not productive, in other words, "capitalists."

The outstanding fact is that 300,000 Jews found positions in Soviet industry between 1926 and 1929. More have gone into factories since then. A nation of go-betweens is busy at the lathe, in the mine, on the tractor, in the director's office. The people of the book are becoming a race of city-builders. Early in the history of the revolution a few brilliant figures stood at the head of the state, but very few Jews occupied the economic jobs of second rank. Now Jews manage huge state farms, guide the work of oil refineries, run railroads, lay highways, and manage plants. It used to be a commonplace that you could find Jews where knowledge of foreign languages, bookkeeping, commercial understanding, and writing were necessary, but not in offices which required engineering skill or constructive ability. This is no longer true. Jewish engineers, Jewish agronomists, and Jewish technicians are issuing from Soviet universities in thousands. Magnitogorsk and Kuznetskstroy, two Soviet "supergiants," are being built under the guidance of Jews.

These changes which accompanied the Five-Year Plan

have affected the future of Jewish agrarian colonization in the Crimea, the Ukraine, and Biro-Bidjan, a region near the Pacific which the Bolsheviks have set aside as an autonomous Jewish territory. When the Forward-to-the-Farm movement was started by the Soviets in 1925-26, thousands of declassed Jews seized upon it as their only salvation. Without that escape they would have been condemned to eternal poverty and social ostracism. But now the situation is quite different. While Jews from the small town are still settling in the village colonies, many earlier settlers are going back to the city. Statistics gathered in a part of northern Crimea indicate that 80 per cent of the inhabitants of some Jewish colonies are under fourteen or over fifty years of age. The mature youth and middle-aged men and women, in other words, flock to urban centers. Colonization has ceased to be the only outlet for the Jewish ex-merchant.

Socially, too, the large-scale absorption of Jews into industry has made a vast difference. Once in 1927 I waited twelve hours for a train at Sinelnikova, a Ukrainian junction town. During that enforced idleness I strolled through the overgrown village to collect impressions. At one place a woman was whitewashing the exterior of her home. I paused and watched. She turned toward me after a while and seemed to invite conversation. I began to ask questions. "How did the Ukrainians live with the Russians?" "Were there any Jews in the neighborhood?" "How did the non-Jews live together with the Jews?"

"My husband," she said, "works in the factory. No Jews are employed in it. Most of the Jews have jobs in the local Soviet and the cooperative." This was her way of registering contempt. Jews gravitated toward "soft" positions. That same day, toward evening, I stood with a group of men over some homeless waifs, black with soot and dirt, ragged, sleeping on the cold stone slabs of the station floor. "You won't find any Jewish *bexprizorni*," one person said with bitterness. "These are all our own folk." Both he and the whitewashing woman were venting the same feeling: the Jews were people apart. They did not share in the work and woes of the nation. That conception conducted to anti-Semitism. But the merging of the Jew with his environment and his participation in Soviet life have tended to reduce the volume of anti-Semitism. Czarism nourished the roots of anti-Semitism with gold and with rivers of Jewish blood; the revolution withdrew these foods. The Bolsheviks, indeed, tried to burn out some of the roots and to poison others. The roots, to be sure, are deep. Anti-Semitism is a hardy plant. Nevertheless, anti-Semitism in Russia is waning. The state, the Communist Party, and social institutions like schools, clubs, and trade unions are making every effort to combat it. The Bolsheviks condemn anti-Semitism as reactionary and as a weapon used by capitalism to inflame racial animosity in order to obstruct class antagonism.

Active propaganda against anti-Semitism is conducted in Soviet schools, clubs, and newspapers. The struggle with it also takes the form of trials to demonstrate its evils. In a factory, for instance, a Russian worker has insulted a Jew. The incident is not very serious. It might have been overlooked. But the authorities seize the opportunity for educational purposes. The worker is tried in public. A prominent political figure is the prosecutor. He points out

the anti-social and anti-Bolshevik character of anti-Semitism. Frequently the worker confesses and explains the reasons of his guilt: that he has not yet shaken off the traditions of his pre-revolutionary past, that he went to church in his youth and imbibed the anti-Jewish spirit, that he has not attended Communist courses sufficiently and has not learned the Marxist approach to racial questions. In this manner such trials are exploited to expose the significance and purpose of anti-Semitism. It is a misdemeanor to make an anti-Semitic joke in a Soviet theater or vaudeville performance. Russians have been arrested for applying the uncomplimentary epithet of *Zhid* (Yid or Sheenie) to Jews. Jews are not caricatured or mimicked.

All pre-revolutionary disabilities have, of course, been removed. Before 1917 only a few professional Jews could receive permission, usually on payment of a large bribe, to live in big cities like Moscow. Practically all the Jews of Czarist Russia were confined to an officially demarcated Pale of Settlement, which included the Ukraine and White Russia. Today most Soviet cities have large Jewish populations. There were 131,747 Jews in Moscow in 1926 and about 200,000 in 1931, and they tell the story of a Jew over seventy who, asked why such an old man should want to travel to Moscow, replied, "I want to die among my people." No door in the U. S. S. R. is closed to Jews and none could be. All restrictions have been lifted and no person would dare to impose his own without immediately inviting the wrath of the state. Soviet universities enrol thousands of Jewish students. Whereas Jewish young men and women in European universities are exposed to offensive discriminations and at times violent attacks, race is completely ignored in the matriculations in Soviet higher institutions of learning.

Of all the benefits conferred by bolshevism on the Jews, the greatest is the abolition of pogroms. These massacres occurred frequently before the war, and when they did not occur, the fear of pogroms was ever present. Life was nerve-racking and precarious. But no pogroms have ever taken place in the Soviet Union. Experience in Czarist Russia, in post-war Poland and Rumania, and more recently in Palestine has shown that a pogrom is, by definition, violence perpetrated with the active assistance, or at least the connivance, of the authorities. Pogroms are therefore impossible under the Soviet regime. Thus the worst form of anti-Semitism has been eliminated. And this security means more to Jewry than any hardships it must undergo during a transitional period of economic adjustment. Far from discriminating against Jews, the Soviet Government has been known to discriminate in favor of Jews. Agricultural colonization is the outstanding illustration. The Bolsheviks submit—and President Michael Kalinin once enunciated the policy in public—that more money and more attention should be given to the settlement of Jews on the land than to the settlement of non-Jews, because conditions before the revolution militated against the creation of a Jewish peasant class. The revolution must wipe out the handicaps imposed by the monarchy. This is one of the fundamentals of Bolshevik policy vis-a-vis nationalities. At one time the Jewish colonies in the Ukraine, the Crimea, and Biro-Bidjan were regarded as nuclei of a future Jewish state. In fact, Biro-Bidjan has actually been proclaimed an autonomous Jewish territory. Their internationalism

notwithstanding, the Bolsheviks are not against nationalities. Nationalism, albeit with a Socialist content, may actually witness its finest flowering in the Soviet Union.

Nevertheless, I am rather skeptical of the formation of an independent Jewish territorial unit in the U. S. S. R. in the near future. Biro-Bidjan is several thousand miles from the centers of Jewish population. It is wild, uninhabited, and undeveloped. They say that a Siberian tiger ate the only policeman in the region on the day it was declared a Jewish territory. Some day, to be sure, Russia may fill the role which America played for decades as the land which absorbs Europe's emigrant Jews. Biro-Bidjan was perhaps conceived as a colony for Jews from Poland, Rumania, and Lithuania. But the consummation of that plan is very distant. Had not the Five-Year Plan opened new avenues for urban employment, the colonization districts in the Ukraine and Crimea might have been constituted Jewish administrative units. Today the colonies are no longer attracting great streams of settlers. On the whole, therefore, I am inclined to discount all hopes and predictions of the imminent practical establishment of a Jewish autonomous republic in the U. S. S. R.

Nor, in my opinion, is there any prospect in Russia for that form of Jewish nationalism known as Zionism. Time was when Zionism was explained to American Jews as a movement to help Russian Jewry. American Jews, the propaganda ran, perhaps did not need Palestine, but the Jews who lived under the yoke of Czardom did. At present, however, the Soviet Jews would argue that they too have solved their economic problems at home, and that the Bolsheviks are helping them solve their cultural problems as well. The revolution promises to bring prosperity to vast numbers of Jews in the U. S. S. R. Palestine, moreover, is not believed capable of absorbing any appreciable number of settlers. As a matter of fact, more Jews have settled on the soil in the Soviet Union since 1924 than in Palestine since 1920.

The greatest outside stimulus to Zionist sentiment was withdrawn when pogroms became impossible. Now material well-being is more accessible to a larger number of Jews. Even the older generation of Jews, therefore, has forsaken Zionism; and as for the youth, they have been caught by the romance of the revolution. They are grateful for the educational and professional opportunities it offers them. They wish to identify themselves with the epochal events that are shaping Russian life. A new world is being built. The Jewish young man and woman wish to participate. The numerous gigantic tasks facing the Bolsheviks invite the genius and enthusiasm of Soviet Jews. In comparison with the problem of founding a new society, Palestine becomes small and insignificant. The Jewish idealism which may run into Zionist channels in other countries is being harnessed to bolshevism. One may, if one desires to ignore an important situation, seize on the sensational facts of Communist persecutions of Zionists, and forget that repressions alone would never eradicate Zionism. If the Bolsheviks limited themselves to the prohibition of Zionist activity, they would probably make martyrs of Zionists and encourage Zionist work. The circumstance that the Soviets have succeeded in weakening Zionism suggests that they have used much more statesmanship than shortsighted people wish to credit them with. Soviet Russia has undermined the pillars

of the Zionist movement by guaranteeing Jews safety from pogroms, equal treatment, an honorable social status, and cultural facilities which are non-existent in even the most advanced Western nations.

No Jewish nationalism. No Zionism. Inter-marriage on a large scale. The gradual disappearance of religion. Do these developments imply the rapid assimilation of Soviet Jewry? Will Russian Jews disappear as a racial unit? I do not know. But I doubt it. Certain factors contribute toward a diminution of Jewish consciousness. Other factors strengthen Jewish consciousness. The Soviet Government maintains hundreds of public, state-financed schools where Yiddish is the language of instruction. The curriculum in a number of higher Soviet institutions of learning is likewise taught in Yiddish. Three Yiddish dailies and numerous Yiddish periodicals and publishing houses function in the Soviet Union. In thick Jewish settlements in the Ukraine and White Russia courts are conducted in Yiddish, and the testimony of non-Jews is translated into that tongue. The Bolsheviks are at pains to encourage all these forms of Jewish culture. No one will be foolhardy enough to make prophecies. Complicated elements are at play. They will be keenly watched. The prejudices of vested Jewish interests, however, merely cloud the vision and prevent calm judgment.

## In the Driftway

THE Drifter has a friend who had a turtle. The friend also has a passion for tropical fish, and at considerable expense has arranged an elaborate natorium for them, with waving grasses, stone grottoes, snails to sanitize the water, and a heating system equipped with a thermostat that protects them from the harsh temperatures of a New York steam-heated apartment. But he made his first essay with turtles during the past winter. The turtles, too, had their glass-inclosed house; at one end was a small dish of water surrounded by tastefully arranged green plants; the rest was sand, with other plants grouped here and there. It was an altogether charming habitat, but one cannot be quite sure that the turtles appreciated it. Two out of three of them, in fact, passed on to another sphere, where grass is forever green and water always fresh and sparkling. The third turtle lived, but may be said to have languished. Finally the friend left New York for the country. Carefully placing the turtle in a large envelope, he drove with it a hundred miles away from the city. He had planned to place it in the brook, the natural environment at least of its ancestors. But for the first afternoon he arranged a washbasin with a couple of stones in it, a bit of turf, and some water, and put the turtle in it to await transference to its new home.

\* \* \* \* \*

THE basin was set in the sun, and turtles are said to enjoy sun. But this turtle, with a celerity that it had not displayed in a winter of steam heat, buried first its nose and then its whole shell-covered body in the mud from the lump of turf. It had never known any life but an artificial aquarium, yet it seemed perfectly at home in a more natural

situation. And later, more astonishingly still, when it was put on a rock above the turbulent spring brook, with some doubts on the part of its owner for its safety in so new and forbidding a place, it seemed perfectly at ease. First it put out its head and evidently took stock of the landscape; then it began, quite surely and serenely, to plod toward the water; tentatively it tried the stream; more confidently it took another lurch; and with a magnificent gesture of assurance it finally took off, swimming slowly along the cold spring water to the other shore, where it mounted another rock to dry in the sun.

\* \* \* \* \*

THE Drifter has told this story of the turtle at such length not for its intrinsic interest—for except to turtle lovers perhaps it has none—but for its application to the many persons he has met lately who yearn for a more natural life. They want to shake the sand from their feet, to leave forever their glass-inclosed, synthetic dwellings, and depart to simpler shores. Watching the turtle, whose ancestral memories stood him in such perfect stead, the Drifter wondered if such would be the felicitous result of a recapture, by city folks, of a rural life. To one who is accustomed to the various interests, not to say comforts, of the city, what will it seem like when almost the only topic of interest is the weather? When, indeed, weather becomes the beginning and end of existence; when snow and rain are not natural phenomena to watch casually from the window of a warm room, but the Elements which one must brave to fetch provender or firewood, or to care for animals? Will these transplanted urbanites take to the weather as the turtle took to the brook? Or will they presently beat a retreat to their steam-heated flats, their protected aquaria, where the more unrestrained natural forces are hardly ever met with.

THE DRIFTER

## Correspondence

### Trotsky Again

TO THE EDITOR OF THE NATION:

SIR: Benjamin Stolberg's letter in *The Nation* of April 28 implies that he is answering statements contained in my review of Trotsky's history of the February revolution. Actually a large part of his letter is devoted to matters which I did not mention, and the rest to distortions of my review. I can only outline his main errors:

1. Mr. Stolberg betrays lack of insight when he says that "Stalinism does not differ from Trotskyism so much tactically as it does psychologically." The differences between the Communist Party and the Trotsky opposition were not "psychological" but economic and political. The main question at issue was, Can socialism be built in one country? This is an economic, political, and social issue of far-reaching practical consequences.

2. "Trotsky's influence in the present German crisis," Mr. Stolberg says, "is from the revolutionary point of view growingly greater than Stalin's." This is contradicted by the fact that the German Communist Party has nearly half a million members and polled five million votes in the last presidential elections. This is no accident. One of the greatest forces at

work in stimulating the revolutionary thought and activities of the proletariat of various countries has been the inspiring example of the successful Five-Year Plan. A basic achievement of the plan and one of the indispensable premises for socialism has been the collectivization of two-thirds of the peasant households. Trotsky, proceeding from his theory of the Permanent Revolution, which he said "directly contradicts" the theory of socialism in one country, had no program for the collectivization of farming.

3. When Mr. Stolberg says Trotsky was not a Menshevik, he reveals the carelessness with which he read the history he so ardently defends. The introduction to that history contains Trotsky's official biography, which says, "After the split in the party, he joined the Mensheviks." Later he "broke with the Mensheviks and attempted to form an extra-party group."

4. Trotsky's differences with Lenin before the revolution may not be important to Mr. Stolberg; they were important enough to Lenin for him to fight Trotsky until the latter finally accepted his leadership. The differences between Lenin and Trotsky from 1903 to 1917 have not only historical but contemporary importance. Certainly—if I may cite my review—"a history which lays so much stress on the alleged errors made by individual revolutionary leaders in the past must be suspected when it ignores the errors of the author." My point was that if one devotes a lot of space in a history of past events to the differences between Lenin and other party leaders, one ought also to mention Lenin's differences with Trotsky, which were of a basic conceptual nature.

New York, May 4

JOSEPH FREEMAN

## Not "Feebly" but "Terribly"

TO THE EDITOR OF THE NATION:

SIR: Murray Hickey Ley has called my attention to the fact that my review of "Thurso's Landing," by Robinson Jeffers (*Nation*, April 13, 1932) contains an unfortunate error. In my second quotation I carelessly substituted the word "feebly" for the word "terribly." I wish to apologize for this mistake, and to call attention to the fact that the two sentences following the quotation are invalidated by this correction. Otherwise, the error does not affect the review.

Troy, N. Y., April 29

GRANVILLE HICKS

## Penny Wise—Pound Foolish

TO THE EDITOR OF THE NATION:

SIR: The Board of Education has recently announced a retrenchment program which, if enforced, will have disastrous effects both on elementary school children and teachers. The board's proposal to increase class registers to forty-five, fifty, and more must result in overcrowded classrooms, increased retardation and delinquency, and inefficient teaching, with the teacher acting as policeman rather than as guide and educator. Dr. O'Shea himself has said in his thirty-second annual report that 90 per cent of retardation and delinquency is due to oversized classes in the lower grades of the elementary schools.

There are in New York City at the present time more than 5,000 licensed teachers and more than 10,000 qualified teachers without employment. Of these more than 300 teachers on the 1928 License Number 1 list are doomed to have their licenses expire if they are not appointed before December, 1932. The Board of Education's new economy policy not only precludes any chance of their appointment, but also means that 500 substitutes who now have classes will lose their positions.

Approximately \$144,000,000 is spent annually on education in the New York public schools. Yet the Board of Education refuses to spend \$500,000 more—even if this comparatively small sum means the difference between teaching and policing.

The New York Association of Unappointed Teachers and the Unemployed Teachers' Association are holding a joint mass-meeting on Friday evening, May 20, in the auditorium of the Textile High School, to protest the false economy program of the Board of Education. Vigorous support is necessary for their campaign.

NEW YORK ASSOCIATION OF UNAPPOINTED TEACHERS  
UNEMPLOYED TEACHERS' ASSOCIATION  
New York, May 12

## For the Scottsboro Defense

TO THE EDITOR OF THE NATION:

SIR: The execution of seven of the nine Negroes involved in the Scottsboro case has been set for June 24. Having exhausted all remedies in the Alabama courts, the only course open is for them to seek relief from the United States Supreme Court. They are fortunate in having secured Walter H. Polak, an attorney peculiarly fitted by his training in constitutional law, to act as chief counsel in presenting the case to the Supreme Court.

The defendants have no funds of their own and the legal proceedings must necessarily be expensive. Lengthy records will now have to be printed for the first time. There will be other necessary legal disbursements and fees to be met, all of which cannot come to less than \$5,000. I have been selected by the International Labor Defense as treasurer of a fund for the legal expenses, and I urge that readers of *The Nation* give all they can possibly afford so that these defendants can present their case to the United States Supreme Court.

Please make checks payable to Joseph R. Brodsky, treasurer, and send them to me at 100 Fifth Avenue, New York City.

New York, May 5

JOSEPH R. BRODSKY

## Contributors to This Issue

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M A C M I L L A N

## Finance Railway Legislation

A NEW theory of railway regulation and control, conferring sweeping powers upon the Interstate Commerce Commission both in the matter of rate-making and of holding companies, has been favorably reported by the House Committee on Interstate and Foreign Commerce. In view of the steady drift toward government ownership of the carriers, particularly since the Treasury has had to take on the burden of financing many of them, the proposed legislation must be regarded as one more attempt to set up a rational scheme of private operation; and with the other alternative before them, it may be expected that railway managers and bankers will be not too emphatic in their opposition to the new proposals.

The bill has been considerably enlarged since it was introduced and printed last December. It repeals the "recapture clause" of the Transportation Act of 1920, which required the roads to pay over to the Treasury one-half of their net earnings above a fair return on their property investment. The clause has been abortive, and only a few thousand dollars have ever been paid in, though a good many millions have accrued. This debt to the government will be canceled if the Rayburn bill is enacted. The Interstate Commerce Commission has repeatedly urged the repeal of recapture, largely on the theory that the railroads, like other corporations, should be allowed to accumulate surpluses in prosperous times, to the end that they would not need to ask for rate increases in hard times, when business cannot support an increase in transportation costs.

Again in accordance with Commerce Commission wishes, the basis of rate-making is totally changed, being no longer founded on the futile attempt to determine the money value of the railroads' physical property and assess rates which would produce a fair return thereon. Hereafter, it is proposed that rates shall be established with an eye to the amount of earnings required to provide adequate transportation, while full consideration is given to the interests of the public and of business. No solution is given, of course, if it is found that the two requirements are mutually destructive; but they should not be.

It is with regard to the control of railways by holding companies, however, that the bill makes the most striking extension of the Interstate Commerce Commission's powers. Without the approval of that body no carrier or group of carriers can obtain control of any other carrier; neither may one or more persons affiliated with a carrier; neither may any similar combination be effected unless the commission decides it will be in the public interest, to be judged from the standpoint of efficiency and economy of operation, and of adequate service. If acquisition of control by a holding or investment company is authorized, that company shall keep its accounts, make its reports, and obtain permission for the issue of securities, as though it were itself a common carrier. Persons or corporations already owning any part of the stock of a railroad company may be required to divest themselves of their holdings if the commission believes that those holdings may hinder railway consolidations under the commission plan, or may affect competition.

Not since the enactment of the Clayton law of 1915 has such a far-reaching rule been proposed for the control of interlocking businesses. It has the weakness inherent in nearly all mandatory business legislation where an investment is involved: holders of railway securities may be ordered to sell, but no buyers are provided. It cannot cure existing railway troubles, but for the future it offers an alternative to government ownership.

S. PALMER HARMAN

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# Books, Films, Drama

## Light Will Be Wisdom

By HAL SAUNDERS WHITE

Day that will take these hills entire  
That are undone upon the dark  
Will forge each leaf in a faint fire  
And the blind bud will be a spark.

Light will be wisdom on the vines  
And burn upon a shadowy stem,  
Burnish the pale thistle's spines  
And to the grass be diadem.

And light will grow upon the hill  
Nudging the pallid birch from sleep;  
And a wing stir, and the sky fill  
And earth be gathered from the deep.

O certainly the bird will sing  
That from his blooming tower of air  
Sees the great globe, awakening  
Turn on her poles of quiet there.

And certainly the heart goes free  
That has a wing within the breast  
When wisdom grows upon the tree  
And slow light resurrects the clover  
Dimensional for the risen bee  
And every stone is counted over  
And every common weed possessed  
Till earth be builded perfectly.

## On "Effective" Criticism

*Portraits.* By Desmond MacCarthy. The Macmillan Company. \$2.50.

IN an excellent review recently contributed to *The Nation* Lionel Trilling remarked that no critic could possibly be very effective unless he wrote from some definite point of view. Even narrowness or wrong-headedness was, he maintained, preferable on the whole to mere detachment, a cause even the narrow and the wrong-headed stand for something, and because it is only by standing for something that one can exert an influence.

Undoubtedly there is much to be said for the contention, and undoubtedly the fact that Desmond MacCarthy does not, in this sense, "stand for anything" has something to do with the further fact that after many years of admirable critical writing he is mentioned far less often than other men who are certainly his superiors in nothing unless it be a more definite assertiveness. And yet, firmly as I believe what Mr. Trilling said, I cannot bring myself to regret Mr. MacCarthy's detachment as much as perhaps I should, or really bring myself to wish that he adhered less consistently to the famous formula: "Je n'impose rien, je ne propose rien; j'expose." There are, after all, so many activities in which one must be "effective" or fail, so few in which ineffectiveness is compatible with a kind of success. Not only lawyers and statesmen but even novelists and essayists must get somewhere; and I confess that

I find something infinitely refreshing in the work of a critic who is content to be merely sensitive, receptive, and intelligent. Some kinds of criticism seem, in other words, the last refuge of that spirit which resists the world's insistence that we do something, go somewhere, or at least say something aggressive and "effective." Is it, I wonder, pure lackadaisical perversity occasionally to feel that one would rather be merely not wrong than either President or, shall we say, a "challenging" critic? Is it not, rather, one of the charms of literature that it does permit just that attitude?

In any event, I must confess that I like Mr. MacCarthy's volume none the less for the fact that the thirty-four essays which it contains are so plainly in the tradition of Sainte-Beuve and Anatole France. Apparently written at different times and dealing with the most diverse men, they aim chiefly to "expose" their subjects, and they achieve both clarity and a graceful ease of that particular sort which could hardly coexist with the passionate advocacy of any set of dogmas either literary or moral. If they defend anything, it is just the right of Mr. MacCarthy's kind of intelligence to stand somewhat aside from even the intellectual battles, and it is interesting to speculate whether or not he was aware of a certain pertinence to his own case when he wrote of Arthur Hugh Clough the following acute passage:

The main point is, I think, that Clough belonged to a type rare among imaginative minds, and was therefore particularly interesting. He was a man who could believe the reason to be divine, but not the will. The will was a useful means of clearing life of muddles, avoiding ignoble things, getting other things done, but it had a horrible way of also dictating to a man what he ought to think, putting its case in the most insidiously persuasive form, saying, "If you don't batter yourself into a passion over this, if you don't conclude before you have sufficient evidence, you will end by being a burden to yourself and useless to everybody else."

Surely that is a very excellent way of stating the argument by means of which the public is always trying to force the skeptic into action; surely it is only by allowing the will to mix itself up in the affairs of the mind that one ever does come to any general conclusion at all. But surely, also, the very statement of the argument in that form is enough to persuade the true skeptic that he would rather, after all, stick to his skepticism even if that does mean making him "a burden to himself and useless to everybody else."

Perhaps, however, Mr. MacCarthy's general temper of mind is most clearly revealed in that essay which is concerned with Anatole France and his late conversion to Communist dogmas. Here again the point is not one which has to do with either the usefulness or the dangers of dogmas in themselves, but with the fact that they half destroyed France for the simple reason that they were inappropriate. The man who had rejected all systems of thought had no right suddenly to embrace one, and he could not, as a matter of fact, really embrace opinions to which, "privately and as an artist, he continued to be disloyal. . . . Henceforth he carried on his shoulders, with, it is true, many a shrug, a pack of opinions which, as a skeptic, he had no right to possess."

All this has been bad for his fame. What is more serious, it goes some way to support the contention of his intellectual opponents that there was nothing helpful, nothing human beings could live by, in his earlier attitude of detachment. If this were true I should be sorry, having still myself some faith in doubt, and in the sense of proportion which doubt engenders. . . . But a skepticism which is not evenly applied all around becomes malicious, and a tolerance which does not tolerate what may be odious to

one's self is a sham. After rejecting every religion and every system of thought as impostures held together by sophistry, it was inexcusable in Anatole France to swallow Karl Marx.

The penultimate sentence of that paragraph contains, I think, the most telling warning to those skeptics whom the importunities of the will tempt to renounce their natural doubts. It does not necessarily imply that some men or even most men ought not to believe. But it does show why those who are not really capable of faith are less dangerously and more truly what they are when they do not try to delude either themselves or others. Even a critic who is trying against the grain to be "effective" merely because he thinks he ought is a very sad spectacle.

JOSEPH WOOD KRUTCH

## Predatory Patriots

*King Legion.* By Marcus Duffield. Jonathan Cape and Harrison Smith. \$3.

**I**N 1920, when the American Legion was only a little more than a year old, I presented a brief study of it in a series of articles in *The Nation*. Already the organization had aroused distrust among fair and thoughtful people, although for tendencies other than those which seem most alarming today. Swayed by hot-heads and to a considerable extent supported by hysterical public opinion, the Legion was leading in the hunt of the reds and baying raucously against aliens. It had carried over war violence into peace times and, secure in a privileged position, frequently broke up meetings and beat up individuals objectionable to it.

Happy days! But they will not come again. The Legion of that time was pristine and its technique primitive. Carefully fathered by the War Department, the leadership continues to be militaristic, but under the tutelage of business the organization's methods have grown more subdued and more subtle. Mr. Duffield notes that nowadays posts are advised not to break up meetings and make martyrs of the speakers but to use influence quietly to get invitations to speak withdrawn and, failing in that, to offset the effect by counter propaganda.

The Legion's constitution provides that it shall be "absolutely non-political," but this was interpreted first to mean non-partisan, then to permit a stand in regard to which there was substantial agreement within the organization, and finally to justify any policy which could command a majority vote in a national convention. A Legislative Committee in Washington, than which there is no more powerful lobby in the national capital, seeks through legislation what once was attempted by direct action. To the tenth annual convention the Legislative Committee reported that in the year previous it had worked on 1,064 pieces of projected legislation.

Since its organization in 1919 the Legion has become progressively less patriotic and more predatory. In olden days soldiers used to plunder the enemy. Now they prey on their own people. The Legion does not even scorn such petty graft as having the proceedings of its national conventions printed and distributed at government expense as public documents. The activities of the Legion as a plunderbund began with a demand for pensions and hospitalization for those disabled in war service. Entirely legitimate at the outset, this effort soon degenerated into a graceless scramble for the swill trough. Mr. Duffield mentions a prize fighter who boxes only occasionally since he has been drawing a pension as totally disabled, while an employee of the Veterans' Bureau at \$9,000 a year supplemented this meager stipend with an allowance of \$187.50 a month because he had been declared physically unfit. Legalized preferences for veterans in the Civil Service of the nation and

of many States have been another scandal. In New York City in 1931 there were twenty-eight firemen who were *disabled veterans* and therefore in a preferred position for promotion.

But other plunder becomes relatively insignificant by comparison with the mass invasion of the Treasury since bonus legislation began. For several years there was an honest and effective sentiment in the Legion against asking for a bonus, but the opposition began to crumble when some inspired soul thought of the phrase "adjusted compensation." The theory that all soldiers incurred financial losses while every civilian coined money during the war is as full of holes as a nutmeg-grater, but the Legion was able to instil such fear into Congress that a bonus law was passed over President Coolidge's veto.

This law, it will be recalled, provided that the bonus was not to be payable immediately but should accumulate at interest as an endowment due in twenty years. This was not good enough after the prosperity bubble burst, and last year, when the Legion again advanced on the Treasury, Congress—with hardly a show of resistance—turned tail and ran. Over President Hoover's veto nearly \$1,000,000,000 was made available in cash as "loans." Wise observers predicted then that an effort would follow soon to collect the full \$3,500,000,000 by getting Congress to cash the certificates at their 1945 value and forget the "loans." Strong sentiment for such a demand had in fact developed by the time of the Legion's national convention last September, but President Hoover prevented action by appearing personally at the gathering.

"The indications are that the renunciation was temporary," says Mr. Duffield, who finished his book soon after that date. Safe prediction! From the front page of a newspaper nearby as I write stares the heading: "Soldiers' Bonus to Go to House at This Session." Upon the shoulders of a nation which is already paying in behalf of war veterans \$900,000,000 a year—or about \$7.50 for each man, woman, and child in the United States—it is proposed to pile another burden of \$3,500,000,000.

The Legion's invasion of the Treasury was begun in boom days when it made no great impression. Mr. Duffield does a service to call the facts to the attention of a deflated and somewhat more clear-seeing public today. He has written a sound and sober book. He states the case with fairness, restraint, and apparently bullet-proof documentation, presenting a volume which not only is valuable as data but is an absorbing narrative as well.

King Legion in truth! It might equally well be called Dictator Legion. For in thirteen unlucky years what was begun as an organization for fellowship has burgeoned into a major, nation-wide racket.

ARTHUR WARNER

## A History of Biology

*The Story of Living Things.* By Charles Singer. Harper and Brothers. \$5.

**T**HE historiography of science is a much-neglected educational art. Invaluable as a means of making the movement of science intelligible to the cultured general reader—a category which, as Professor Singer points out, includes not only laymen but even scientific specialists outside of their own specialty—it has been frowned upon by men of science as something that belongs to history and not to science, and at the same time it has been avoided by general historians as requiring too much specialized scientific knowledge. Professor Singer has long been a leader in combating such prejudices and in promoting the movement for the history of science studies in England. In his own field of biology and medicine he has written a number of works of a rare excellence in scientific

scholarship and literary presentation. The present work, which is a history of the biological sciences, is doubtless his most important undertaking thus far and brings to fruition the accumulated results of his researches.

Within the covers of a single volume Professor Singer has not only "covered" the history of the various branches of biology, but has written a complete introduction to contemporary biology by the historical method. In so doing he has fulfilled his main contention that the best and most simple method of understanding science is through its history.

"The Story of Living Things" is written without any forced popularization, but it manages to achieve its effect through a lucid and non-technical style and through perfect organization of its subject matter. History is not written for the sake of history, but for the light it sheds on contemporary living doctrine. Only three chapters, comprising less than a fifth of the volume, are devoted to ancient, medieval, and Renaissance biology—in which last is included Harvey and the discovery of the circulation of the blood. The historical foundations of modern biology take up another third of the volume, and comprise such themes as the seventeenth-century movement for inductive science, the rise of the classificatory systems, the development of comparative method in biology, the charting of the distribution of living forms in space and time, and finally the doctrine of evolution.

With these two divisions as a background, the latter half of the book is given over to what Dr. Singer calls the emergence of the main themes of contemporary biology. Here we have in effect an outline of the various branches of biology, but an outline in which the members retain their genetic connection with one another and with the parent trunk of biological investigation. The contents of this division include chapters on the cell, on the development of physiological analysis, biogenesis (the germ theory of disease), embryology, sex, and heredity. No phase of modern investigation is left out, everything is balanced in accordance with its importance, and everything is illuminated through a knowledge of the problems and circumstances which gave rise to the particular science. At the same time there is a current of philosophic criticism running through the work which does not hesitate to reveal what the author regards as the shortcomings as well as the utilities of many of the modern theories.

On the whole "The Story of Living Things" is a remarkable piece of synthesis. It should not only be a highly useful and profitable book for the general public, but should also serve as a model for scientific exposition in other fields of science.

BENJAMIN GINZBURG

## How Often We Murder— and Why

*Homicide in the United States.* By H. C. Brearley. University of North Carolina Press. \$2.50.

**T**HIS is one of those university-press books that should be of interest to the general reader. It is the most complete sociological survey ever made of homicide in the United States. The average American probably believes that human life in this country is enormously less safe than in any other part of the globe and attributes this sad state of affairs to prohibition, an impression gained from the notoriety given to gang killings by the newspapers. Professor Brearley casts many doubts upon this theory.

It is true that the United States seems to have a very high homicide rate. According to F. L. Hoffman, an insurance actuary who has been publishing homicide statistics for many years,

the number of slayings is probably not less than 12,000 a year. This equals one-fourth of all the soldiers lost by the United States in the World War. Professor Brearley estimates that in 1927 homicide accounted for more deaths than diphtheria, or typhoid, paratyphoid, and malarial fevers combined. Moreover, homicide rates seem to have steadily risen. In 1906 the rate per 100,000 population was reported as 5.0 and in 1929 as 8.5. It is also claimed that the American homicide rates are very much higher than those for European countries.

The first difficulty is with the comparability of statistics. There is nothing axiomatic about the legal definitions of murder and manslaughter, and they vary considerably in different countries. Even where the legal conceptions are the same, the basis of statistical compilation may vary. In general, criminal statistics are notoriously unreliable, and this is especially true with regard to homicide, for the victims, alas, are no longer there to testify. But even assuming the homicide statistics to be true and comparable, a composite homicide rate for a country as great in extent as the United States is very misleading. It is the special merit of Professor Brearley's survey that it undertakes a sectional analysis. It establishes pretty clearly that in the New England States the homicide rate is generally very low, while in the Solid South it is extremely high. In the period 1919-27 the homicide rate for the registration area in continental United States was 8.26 per 100,000 estimated population, but State figures varied from as low as 1.43 in Vermont to as high as 29.55 in Florida. Moreover, when the homicide rates for individual cities are compared, it is discovered that the highest are not those for such supposed havens of murderers as Chicago and New York. In 1930 the honors were borne off by the city of Memphis. The rate for New York was 7.1, for Chicago 14.4, and for Memphis 58.8!

The reasons for this situation constitute the most interesting part of Professor Brearley's survey. The important factor apparently is not the practice of gang killings, for even in Chicago such killings did not account for more than one-seventh of the total number of homicides during 1926 and 1927. Since the East acquits itself so well, it also cannot be asserted that the alien is to blame. It is the presence of large Negro elements in the population that is definitely related to high homicide rates. The Negro homicide rate is generally seven times larger than that for whites, a proportion that seems to hold good for both North and South, and for urban and rural areas. Of course, it is not the innate depravity of the Negro, but the social conditions under which he is compelled to live, that accounts for the situation. It is not shown to what extent the slayings were interracial, but such figures as are available seem to indicate, as might be expected, that convictions of Negroes for homicide are more frequent than of whites. Incidentally, it is a popular myth that the Negro relies upon the razor to dispatch his enemies. Of the Negro homicidal deaths 72.3 per cent are caused by firearms, while only 68.3 per cent of slayings among whites are accomplished in the same manner.

It may reasonably be argued that it is the Negro homicide rate that makes the general American homicide rate so high. Moreover, the contrast with the homicide rates of European countries seems less marked when those of South European countries are taken into consideration. Southern countries have generally had much higher homicide rates than northern countries. From 1911-15 the homicide rate in Italy averaged 4.1 per 100,000 population. Moreover, the rates have been rising markedly in European countries since the war. The social disorganization of the post-war period seems to have everywhere had much the same effect. Unfortunately Professor Brearley does not carry his comparison with the European situation far enough. It is confined practically to England and her dominions, which have generally had very low homicide rates. The homicide rate for Australia for the period 1911-21 was only 1.88 per

100,000 population—a fact that should cast some doubt on the theory that a pioneer tradition necessarily encourages criminal activity.

On the whole, however, there are few factors bearing on the problems of homicide which are not examined by Professor Brearley. He even considers the possible effects of the weather. But despite the fact that he has examined the crime in question from all aspects, he is extremely cautious about committing himself as to the factors which may normally be associated with crimes of homicide. This seemingly excessive caution, often attributable to a strict adherence to "scientific" sociology, is in the present instance justified by the great complexity of crimes of homicide. While social factors play a very great part in their causation, they are not as directly related to economic motives as are other crimes. Murderers are not usually habitual criminals. They are often mentally subnormal, but they may also be of superior intelligence. Often murders are simply "crimes of passion." Two out of three persons murdered in England are women. Almost anybody may become a murderer—a bank president, a traveling salesman, a chorus girl, a plumber.

WILLIAM SEAGLE

## Class-Conscious Fiction

*Call Home the Heart.* By Fielding Burke. Longmans, Green and Company. \$2.50.

FIELDING BURKE'S first novel can be confidently referred to the rising group of critics who stress the necessity of class-conscious fiction; it is an excellent illustration of the difficulties which confront a novelist attempting to make his political and social convictions explicit rather than implicit in his writing. The problem it raises, or some variation of it, is a major literary problem of the moment and can be expressed in this way: many writers who accept the need for a revolutionary correction of social evils are still uncertain, or perhaps completely baffled, as to how this belief can be expressed dramatically, in terms of action, without the loss of certain qualities they believe good writing should possess.

Fielding Burke's novel is most interesting because such methods—implicit and explicit—are utilized in it. The first section belongs to what may be roughly characterized as the "down yonder" school of American fiction. The picturesque phraseology and customs of the North Carolina mountaineers provide the substance of the story, and the action revolves around the struggle of Ishma and Britt to establish themselves in spite of their overwhelming poverty. The author gets humor and pathos in abundance from this familiar material, and is most expert in utilizing local color and in isolating the poetic quality of native speech. If all of "Call Home the Heart" were confined to this locale and to this situation, it would be a good novel of its kind. But Fielding Burke goes on; Ishma runs away to a mill town, where she identifies herself with the strikers and becomes a Communist, and the remainder of the novel is given over to the strike. Or, rather, it is given over to discussions of the strike, to discussions of the workers' movement, to theories and statements of belief. Instead of the minute dramas of characteristic speeches and characteristic actions building up a clear picture of the poverty of Ishma and Britt, Fielding Burke gives us comments about the strike. And the comments are not particularly original or enlightening; the workers and their leaders are good, and their enemies are bad—insincere, stupid, selfish, and unscrupulous. Consequently the strike has none of the reality of the earlier scenes of the novel and does not emerge as a dramatic conflict in itself so much as an excuse for generalizations. When the reader most desires illuminating details, clear particularizations of the lives of the

workers, the author gives opinions on the nature of the struggle.

But Fielding Burke is breaking new ground. There is no very impressive revolutionary tradition in American fiction to guide a writer in these matters, and there is no critical support for such attempts. Thus far the Marxian critics, in spite of their vigor in establishing a point of view, have not given any positive suggestions. What is most apparent about "Call Home the Heart" is that it needs criticism; not mere support for the point of view behind its writing, but aesthetic guidance so that the ideal may be brought to a more effective expression.

ROBERT CANTWELL

## Books in Brief

*Hoover's Millions and How He Made Them.* By James J. O'Brien. New York: James J. O'Brien Publishing Company. \$2.50.

Although this volume is the richest in detail of the books which have recently appeared purporting to give a picture of President Hoover's business career, and although it is buttressed by photostatic copies of documents relating to his activities, it leaves the ordinary reader somewhat bewildered by the maze of complex financial undertakings in which Mr. Hoover was engaged. There is a feeling of unreality which is possibly due to the apparent inability of the author to grasp and interpret Mr. Hoover's career in either human or social terms. The book, however, offers much in the way of supplementary material which is deserving of careful attention. One of its most interesting documents is an affidavit said to have been prepared by Mr. Hoover in 1904 which contains an admission that the suit of Chang Yen-mao against Bewick, Moreing and Company involved "the most serious allegations" against himself personally—a fact which has been repeatedly denied by his apologists in this country. Toward the close of the volume the author gives a list of ninety-eight companies and thirty-three syndicates alleged to have been organized either by Hoover himself or by Bewick, Moreing and Company while he was associated with them. Nearly all these organizations were later liquidated at a loss to the shareholders which in the aggregate Mr. O'Brien estimates at \$322,000,000. The American public has the right to demand a detailed refutation of the evidence which Mr. O'Brien has presented before passing its judgment next November.

*Napoleon.* By T. M. Kircheisen. Translated by Henry St. Lawrence. Harcourt, Brace and Company. \$5.

Mr. Kircheisen, putting into action a boyhood hero-worship of Napoleon, has literally spent a lifetime upon his biography of Napoleon, which is being published in Germany in nine volumes, and in the preparation of which a bibliography of 100,000 books was collected and consulted. It is one of the awesome edifices of German scholarship. The present volume is a digest of the major work, which is not yet completed, and is itself the size of five average books. It takes rank at once as the most accurate and complete "short" biography of Napoleon in existence; but while it is readable, it lacks those focusing concepts of personality and historical significance which have given distinction to works of less authority.

*The Care and Feeding of Adults.* By Logan Clendening. Alfred A. Knopf. \$2.50.

Dr. Clendening employs a very dull scalpel in this analysis of popular health fancies. It is really a good book presenting a sound, conservative attitude, but the author's burlesque method of approach gives an impression of smartness that prevents unprejudiced judgment of either the subject or the book.

## Films

### Importations

THE Germans have exported of late too many pictures in which the Old World richness of background, which they undeniably possess, has been lost in mediocrities of direction, photography, and plot. Now they have sent all at once three pictures of merit, of which "Trapeze" (Little Carnegie) is by far the best. It is directed by E. A. Dupont, who made "Variety," and it is inevitably reminiscent, since it employs the same circus background and a similar plot. Nevertheless, the obvious excitement with which Dupont exploits the range and sensitivity of the camera imparts a quality of freshness. Again and again one is made aware of the possibilities for subtle and beautiful expression in the motion picture. One is also reminded of the difficulty of combining the delicate and significant tracings of character and mood with the robust and essential elements of dramatic action, for Dupont sometimes slows up the story for the joy of spinning a wine glass on a gleaming bar one moment too long. Most of these lapses occur during the first few reels, which are both slow and confusing. It is in the last reels, when a genuinely thrilling circus accident fuses with an emotional climax well built up, that Dupont demonstrates his power as a director.

The other two German films are not so significant as they are pleasant. "Liebeskommando" (Europa Theater) is a successful romantic film. The romantic mood is captured and sustained throughout, and the remoteness of mood is combined with an immediate realism in detail which makes the highly implausible plot convincing while it lasts. "City of Song" (Hindenburg Theater) is notable chiefly for its beautiful pictures of Capri and Naples, where the story is mainly laid, and for the voice of Jan Kiepura, the Polish tenor, who plays the leading part. It fails where "Liebeskommando" succeeds—in capturing the romantic mood—and its pace is slow, but it has charm, of both setting and character.

"Cry of the World" (Vanderbilt Theater), is the first effort of the independent International Film Foundation. As a unified, dramatic production "Cry of the World" is not successful. As a collection of selected newsreels from 1914 to 1932 it is very interesting, if disturbing. The chaos in which the world now finds itself is set forth with distressing conviction. The distress is intensified tenfold as the officials of the world are displayed upon the screen in the full regalia of incompetence, stupidity, sinister shrewdness, and personal ambition which at present characterize our official rulers.

"Siberian Patrol" (Cameo Theater) was apparently made for provincial Russian consumption. Except for a few fine scenes, its photography is not as interesting as we have come to expect from the Russians; its propaganda is extremely naive, not nearly so effective, in fact, as that of the accompanying newsreel which shows the Bolsheviks to be ski-jumping, hockey-playing human beings.

Hollywood, after the burst of glory that was "Grand Hotel," has relapsed into box-office routine typified by Joan Crawford's latest picture, "Letty Lynton." Miss Crawford in "Grand Hotel" gave an excellent account of herself, probably because of intelligent direction. In "Letty Lynton" she becomes once more the rich but unhappy heroine who moves spectacularly through at least one illicit affair to a husband and happiness. It is a silly role, much overplayed and thoroughly unconvincing. I mention it only because it brought in the huge amount of \$73,000 in its first week's run in New York.

MARGARET MARSHALL

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## Drama

### Comedy and Despair

**A** FEW years ago I published a book about things in general which was commonly regarded as perversely somber by that part of the public which chanced to read it. A good many reviewers accused me of being very much behind the times with what they were pleased to call my old-fashioned pessimism, and I myself, without of course believing that I was wrong, had about come to the conclusion that a faith based on curved space and the mystic doctrine of the quantum theory was coming in. Just now, however, I am beginning to suspect that I am not so much alone in my doubts as I feared. Only a few weeks ago I had the dubious pleasure of welcoming that hitherto incorrigible optimist Bernard Shaw into the castle of despair, and a few days ago there came to my desk a printed copy of that excellent comedy "Reunion in Vienna" (Charles Scribner's Sons), preceded by a ten-page preface which is certainly one of the most extraordinary ever used to introduce a comedy.

In the course of this preface Mr. Sherwood mentions his gay little piece only twice: once in the first sentence when he writes, "This play is another demonstration of the escape mechanism in operation"; once again in the very last paragraph when he says, "It is relieving, if not morally profitable, for an American writer to contemplate people who can recreate the semblance of gaiety in the face of lamentably inappropriate circumstances." Between these two statements the ten pages present a compact and passionate analysis of the world's physical and moral predicament which might appropriately be compared with the terrible last speech in Shaw's play. This, says Mr. Sherwood, is the first time when, during a historical emergency, the common man has had the dubious advantage of consciousness. "Before him is black doubt—behind him is nothing but the ghastly wreckage of burned bridges." In Europe some deluded people hope for a return of kings and emperors; in America the same cynical "Oh, yeah?" is the only comment one is likely to get upon any statement about conditions, whether the statement be cheerful or gloomy. Twelve million soldiers died to make the world safe for democracy, but only a few years later the *New York Daily News* can risk the statement that the security which a strong ruler (Mussolini or Stalin) can guarantee is better than democracy, and that the American mother, at least, "would be glad to trade her remaining American liberties for the knowledge that she could put her baby in its crib tonight and find it there safe tomorrow morning."

The worst of it is, Mr. Sherwood continues, that we were so full of hope, so confident of the age of reason and the conquest of nature. The eighteenth century saw the excitement occasioned when the idea of progress through reason was conceived; the nineteenth century was a period of gestation, disturbed only by a few forebodings; but the twentieth century experienced the labor pains and the discovery that the child was a monster. Victor Hugo predicted that it would take about twenty-five years for the millennium to arrive. Just fifty years after his prediction the tempest of the great war broke, and now, "Man is a sick animal, and the chief symptom of his malady is his embittered distrust of all the physicians who would attempt to heal him. The discredited vicars of God say, 'Go back to the faith of your fathers'; but they might as well say, 'Crawl back into the wombs of your mothers.'" The discredited ideologues of the laboratory say, Wait till science has remolded man's spiritual environment as completely as it has

remolded the physical. But they might a good deal better tell the physicists to mark time for a while until the biologists, the psychologists, and the sociologists catch up. "The human organism must be reconstructed so that it will be as fool proof as the machine."

And what lies ahead? Perhaps, thinks Mr. Sherwood, the Perfect State—which is to say, "the ultimate ant hill, the triumph of collectivism, with the law of averages strictly enforced," and, in a word, that communism of which man is afraid, "not because he thinks it will be a failure, but because he suspects it will be too complete a success." Still, a Sir James Jeans assures us that the universe is running down and that man can hardly hope to understand what it all means before the clock has ticked its last tick. And so, concludes Mr. Sherwood, "there is hope, after all. Man may not have time to complete the process of his own undoing before the unknown forces have combined to burst the bubble of his universe."

It is, I have said, an extraordinary preface to set before a comedy. Extraordinary as a preface, but not, perhaps, extraordinary as an account of the state of mind out of which true comedy is born. Tragedy arises out of man's sense of his own greatness, comedy out of a realization of his own littleness; and I have long maintained that this age of ours ought to be an age of high comedy; that, theoretically at least, our most successful playwright ought to be, not Mr. O'Neill, with his apparently all but hopeless effort to get grandeur back into literature, but some comic genius who could formulate the cosmic joke inherent in our predicament. I shall not go so far as to say that Mr. Sherwood's preface would have very much helped Miss Fontanne and Mr. Lunt in their interpretations of his comedy; I am not even sure that it is very good for a comic writer to ponder such views too deeply. But it is certainly out of some instinctive acceptance of them that great comedy is born. After all, the age of Shakespeare was a very confident and joyous age, while the age of Congreve was a very disillusioned one, and it can hardly be doubted that the author of "Hamlet" had a considerably more joyous view of man and his destiny than the author of "The Way of the World" was ever able to accept.

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